The Children's Hospital of Philadelphia Foundation and Controlled Affiliates

Reports on Federal, State, and City Awards in Accordance with the OMB Uniform Guidance, the City of Philadelphia Subrecipient Audit Guide and New Jersey Department of the Treasury Circular Letter 15-08-OMB

June 30, 2020

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The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Index
June 30, 2020

Page(s)

Part IV – Reports on Internal Control and Compliance

Part V –Findings and Questioned Costs

Report of Independent Auditors

To the Board of Trustees of
The Children's Hospital of Philadelphia Foundation and Controlled Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Children's Hospital of Philadelphia Foundation and Controlled Affiliates (the "Enterprise"), which comprise the consolidated balance sheets as of June 30, 2020 and 2019, and the related consolidated statements of operations, of changes in net assets, and of cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider internal control relevant to the Enterprise'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 Enterprise'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 The Children's Hospital of Philadelphia and Controlled Affiliates as of June 30, 2020 and 2019, and the results of its operations, its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information (Consolidating Information)

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual entities.

Other Information (Schedules of Expenditures of Federal and State Awards)

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, schedule of expenditures of New Jersey state financial assistance awards, and the supplemental statements of program expenditures and program revenues of City of Philadelphia awards for the year ended June 30, 2020 are presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), New Jersey Department of the Treasury State Grant Compliance Supplement, and the City of Philadelphia Subrecipient Audit Guide*, which incorporates the guidance from the Uniform Guidance and are not a required part of the consolidated financial statements. As described in Note 1 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards, schedule of expenditures of New Jersey state financial assistance awards, and supplemental statements of program expenditures and program revenues of City of Philadelphia awards were prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The schedule of expenditures of federal awards and the supplemental statements of program expenditures and program revenues of City of Philadelphia awards for the year ended June 30, 2020 have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, and supplemental statements of program expenditures and program revenues of City of Philadelphia awards are fairly stated, in all material respects on the basis of accounting described in Note 1, in relation to the consolidated financial statements as a whole.

The Schedule of Expenditures of New Jersey State Financial Assistance Awards for the year ended June 30, 2020 on page 57 has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020 on our consideration of the Enterprise's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2020. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of 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 Enterprise's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

September 29, 2020

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Consolidated Balance Sheets
June 30, 2020 and 2019

ASSETS	**June 30, 2020**	**June 30, 2019**
Current assets		
Cash	$715,362,000	$731,198,000
Receivables for patient services	365,225,000	527,632,000
Current portion of pledges receivable, net	23,048,000	25,602,000
Due from third parties	16,265,000	33,509,000
Other receivables	98,250,000	38,117,000
Current portion of assets limited as to use	51,686,000	46,833,000
Supplies, drugs and prepaid expenses	59,074,000	43,528,000
Total current assets	1,328,910,000	1,446,419,000
Assets limited as to use		
Board designated	2,046,515,000	1,902,222,000
Restricted by donors	303,887,000	292,300,000
Trustee-held construction and debt service fund	23,571,000	23,335,000
Trustee-held for self-insurance and other	286,888,000	281,624,000
Noncurrent assets limited as to use	2,660,861,000	2,499,481,000
Investments	579,158,000	572,166,000
Land, buildings and equipment at cost, net	2,818,825,000	2,621,646,000
Pledges receivable, net	66,025,000	59,403,000
Long-term notes receivable	20,910,000	27,985,000
Other long-term assets and receivables	25,838,000	24,841,000
Total assets	$7,500,527,000	$7,251,941,000
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	$19,581,000	$28,408,000
Accounts payable and accrued expenses	497,195,000	455,240,000
Total current liabilities	516,776,000	483,648,000
Long-term debt, net	848,116,000	868,863,000
Other liabilities	289,213,000	265,753,000
Accrued pension cost	10,839,000	111,460,000
Total liabilities	1,664,944,000	1,729,724,000
NET ASSETS		
Without donor restriction	5,287,497,000	5,008,554,000
With donor restriction	548,086,000	513,663,000
Total net assets	5,835,583,000	5,522,217,000
Total liabilities and net assets	$7,500,527,000	$7,251,941,000

The accompanying notes are an integral part of these consolidated financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2020 and 2019

	June 30, 2020	June 30, 2019
REVENUES AND OTHER SUPPORT		
Patient service revenue	$ 2,533,001,000	$ 2,638,951,000
Contributions	11,600,000	11,221,000
Research revenue	249,875,000	259,224,000
Other operating revenue and gains	143,918,000	147,687,000
CARES Act Funding	54,275,000	-
Total revenues and other support	2,992,669,000	3,057,083,000
EXPENSES		
Salaries, wages and professional fees	1,480,329,000	1,447,544,000
Employee benefits	364,798,000	345,658,000
Supplies	388,406,000	345,929,000
Purchased services and other expenses	470,631,000	458,065,000
Depreciation	233,492,000	223,917,000
Interest and amortization	21,285,000	29,620,000
Total expenses	2,958,941,000	2,850,733,000
Operating Income	33,728,000	206,350,000
Dividend and Interest income, net	37,151,000	39,779,000
Earnings allocations	(16,730,000)	(15,008,000)
Realized gains on marketable securities	67,752,000	60,044,000
Change in unrealized gains/(loss) on investments	(25,711,000)	34,926,000
Sponsorship	(355,000)	(202,000)
Change in fair value of derivatives	17,000	17,000
Gains/(Loss) on alternative investments	(57,558,000)	(9,681,000)
Gains on equity method investments	204,083,000	184,250,000
Other components of net periodic benefit costs	(3,706,000)	-
Pension settlement	(161,154,000)	-
Non-controlling interest	(376,000)	(361,000)
Excess of revenue over expenses	77,141,000	500,114,000
Change in fair value of derivatives	616,000	688,000
Pension related changes other than net periodic benefit costs	196,904,000	(71,214,000)
Net assets released from restrictions for capital	1,639,000	3,127,000
Transfer from affiliates	-	303,000
External funding for capital	2,725,000	6,000,000
Transfer from / net assets with donor restriction	(82,000)	17,006,000
Increase in net assets without donor restriction	$ 278,943,000	$ 456,024,000

The accompanying notes are an integral part of these consolidated financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2020 and 2019

	June 30, 2020	June 30, 2019
NET ASSETS WITHOUT DONOR RESTRICTION		
Excess of revenues over expenses	$ 77,141,000	$ 500,114,000
Pension related changes other than net periodic benefit costs	196,904,000	(71,214,000)
Change in fair value of derivatives	616,000	688,000
Net assets released from restrictions for capital	1,639,000	3,127,000
Transfer from PGH	-	303,000
External funding for capital	2,725,000	6,000,000
Transfer (to) / from net assets with donor restriction, net	(82,000)	17,006,000
Increase in net assets without donor restriction	278,943,000	456,024,000
NET ASSETS WITH DONOR RESTRICTION		
Contributions	75,488,000	70,155,000
Interest and dividend income, net	3,068,000	3,372,000
Realized gains on investments	5,549,000	6,007,000
Change in unrealized gains/(loss) on investments	(6,872,000)	2,653,000
Net assets released from restrictions for operations	(41,336,000)	(49,303,000)
Net assets released from restrictions for capital	(1,639,000)	(3,127,000)
Increase in value of perpetual trusts	82,000	1,068,000
Transfer (to) / from net assets without donor restriction, net	82,000	(17,006,000)
Increase in net assets with donor restriction	34,423,000	13,819,000
Increase in net assets	313,366,000	469,843,000
NET ASSETS		
Beginning of Year	5,522,217,000	5,052,374,000
End of Period	$ 5,835,583,000	$ 5,522,217,000

The accompanying notes are an integral part of these consolidated financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	June 30,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 313,366,000	$ 469,843,000
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	232,193,000	222,618,000
Contributions restricted for endowment and capital	(28,591,000)	(14,788,000)
Realized gains on investments	(73,301,000)	(66,051,000)
Change in unrealized losses (gains) on investments	90,058,000	(28,966,000)
Change in equity method gain on sale of shares	(204,083,000)	(184,250,000)
Change in fair value of derivatives	(632,000)	(705,000)
Pension adjustment	(32,044,000)	71,214,000
Receivables for patient services	162,407,000	(135,003,000)
Other current assets	(75,679,000)	2,362,000
Pledges receivable	(4,068,000)	(5,743,000)
Other long term assets	(19,873,000)	2,687,000
Accounts payable and accrued expenses	16,712,000	50,158,000
Pledges payable	-	(1,000,000)
Accrued pension cost	(68,577,000)	(6,166,000)
Amounts due from third parties, net	17,244,000	(8,304,000)
Other liabilities	23,460,000	(173,000)
Other bond related accounts	(1,166,000)	(1,299,000)
Net cash provided by operating activities	347,426,000	366,434,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, buildings and equipment	(377,546,000)	(239,072,000)
Purchase of investments	(1,844,873,000)	(951,032,000)
Sale of investments	1,630,452,000	1,120,109,000
Net cash provided by investing activities	(591,967,000)	(69,995,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(28,408,000)	(17,822,000)
Contributions restricted for endowment and capital	28,591,000	14,788,000
Net cash provided by financing activities	183,000	(3,034,000)
Net increase (decrease) in cash, cash equivalents and restricted cash	(244,358,000)	293,405,000
Cash, cash equivalents and restricted cash		
Beginning of Year	1,102,256,000	808,851,000
End of Year	$ 857,898,000	$ 1,102,256,000
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 20,855,000	$ 31,041,000

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

The Children's Hospital of Philadelphia Foundation (the "Foundation") and The Children's Hospital of Philadelphia ("CHOP") are Pennsylvania nonprofit tax-exempt corporations. The Foundation is the parent corporation of CHOP and raises charitable contributions to support the tax-exempt activities of CHOP. In July 2002, the Foundation and CHOP formed an "Obligated Group" with J.P. Morgan Trust Company as Trustee. Also included in the operating results of the Obligated Group are the following entities: CHOP Clinical Associates, Inc. ("Clinical Associates"), The Children's Hospital of Philadelphia Practice Association ("CHOPPA"), First Medical Insurance Company ("RRG"), Bache Lewis and Penrose LLC, 4865 Market Street Associates LP and 1700 Broad Street Inc.

CHOP was founded in 1855 and is the nation's first hospital dedicated exclusively to pediatrics. The hospital strives to be the world leader in the advancement of health care for children by integrating excellent patient care, innovative research and quality professional education into all of its programs. CHOP is an integrated pediatric health care delivery system that provides quaternary and acute level pediatric services as well as emergency, primary, specialty, homecare and poison control care for children. CHOP has fostered some of the nation's pioneers in pediatric medicine and continues to be the premier training ground for future pediatric leaders. Its educational programs includes one of the largest pediatric residency programs in the country. The hospital is also committed to researching and finding cures for chronic and fatal pediatric illnesses through its extensive research program.

CHOP is the controlling corporation of Children's Anesthesiology Associates, Ltd., Children's Health Care Associates, Inc., Children's Surgical Associates, Ltd., and Radiology Associates of Children's Hospital, Inc. (collectively, together with their New Jersey counterparts and their affiliates, the "Practice Plans"). The Practice Plans represent the physician service departments at CHOP in anesthesiology and critical care medicine, pediatrics, surgery and radiology, respectively. They provide and bill for medical professional clinical services performed at CHOP or in connection with CHOP programs, provide teaching services at CHOP and at the University of Pennsylvania School of Medicine, and engage in research activities at CHOP. The Practice Plans are not part of the Obligated Group and have no obligation with respect to the Obligated Group debt.

Clinical Associates is a New Jersey nonprofit corporation engaged in the practice of medicine in New Jersey exclusively for charitable, educational and scientific purposes by providing medical and closely allied professional services to the public, engaging in medical education and working to improve the welfare of children, all in support of CHOP. The sole member of Clinical Associates is a member of the medical staff of CHOP, who is licensed to practice medicine in New Jersey. Through an operating agreement between CHOP and Clinical Associates, CHOP provides funding for Clinical Associates' activities. In addition, through a services agreement, CHOP provides management services including billing for Clinical Associates' revenues and payment, of all operating expenses. Reimbursement for management services is paid from Clinical Associates practice revenues.

CHOPPA was formed for the purposes of (a) billing for behavioral health services and (b) developing, supporting, and operating a University-affiliated, multi-disciplinary, academic pediatric group practice whose activities include (but are not limited to) the provision of clinical and clinical support services, the promotion of teaching, undergraduate, and post-graduate medical education, and research. CHOP is the sole member of CHOPPA.

RRG is a wholly owned risk retention group domiciled in Vermont and owned principally by CHOP with other tax-exempt CHOP affiliates owning the remaining interests.

Bache Lewis and Penrose LLC is a wholly owned holding company that holds assets to cover professional liability and workers compensation.

4865 Market Street Associates, L.P. is a limited partnership and a Qualified Active Low Income Community Business.

1700 Broad Street Inc. is a Pennsylvania non-profit corporation and is a corporation related to a project between the City of Philadelphia and CHOP to create a new South Philadelphia Family Care Center. The new center will include a CHOP primary care practice, a city health center, a branch of the Free Library, and a recreational facility with a playground.

CHOP is the controlling corporation of PGH Development Corporation (“PGHDC”). PGHDC results are included in the consolidated financial statements. PGHDC is not part of the Obligated Group and has no obligation with respect to the Enterprise debt.

The Children’s Hospital of Philadelphia Foundation and Controlled Affiliates are comprised of the Obligated Group, Practice Plans and PGHDC, which constitute the “Enterprise.”

A summary of significant accounting policies observed by the Children’s Hospital of Philadelphia Foundation and Controlled Affiliates is as follows:

Principles of Consolidation
The accompanying consolidated financial statements of the Enterprise include the accounts of the Foundation, CHOP, Clinical Associates, CHOPPA, RRG, Bache Lewis and Penrose, LLC, 4865 Market Street Associates LP, 1700 Broad Street Inc., PGHDC and the Practice Plans have been prepared in accordance with accounting principles generally accepted in the United States of America. All significant inter-company transactions and accounts have been eliminated.

Basis of Presentation
The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation
The Enterprise has reported information regarding its financial position and operations according to its two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Contributions received are recorded as with or without donor restriction, depending on the existence and/or nature of any donor restrictions. Net assets with donor restriction have been restricted by donors to a specific time period or purpose or have been restricted by donors to be maintained by the Enterprise in perpetuity. Net assets without donor restriction are those whose use has not been limited by a donor to a specific period of time or purpose, or are donor-restricted contributions whose restrictions have been met within the same reporting period.

Excess of Revenues over Expenses
The consolidated statements of operations include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include the pension adjustment, net assets released from restrictions for capital, transfers to affiliates, external funding for capital and the change in fair value of certain derivatives.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to uncollectible accounts, contractual allowances, alternative investments and self-insurance reserves.

Cash

Cash includes cash amounts in non-interest-bearing and interest-bearing accounts. Cash equivalents consist of investments in highly liquid securities with a maturity of three months or less.

At June 30, 2020 and 2019, the Enterprise has cash and cash equivalents in major financial institutions which exceed Federal Depository Insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these deposits is minimal.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported with the balance sheet that sums to amounts shown in the statement of cash flows.

	2020	2019
Cash and cash equivalents	$ 715,362,000	$ 731,198,000
Cash and restricted cash included in other investments	142,536,000	371,058,000
	$ 857,898,000	$ 1,102,256,000

Amounts included in cash, cash equivalents, and restricted cash represent $715,362,000 of operating cash, $142,429,000 in our investment portfolio, $33,000 in funds limited to use for emergency construction costs for PGHDC and $74,000 in funds restricted for the payment of capital invoices for PGHDC.

Inventory Valuation

Inventories which are included in supplies, drugs and prepaid expenses on the balance sheet are generally stated at the lower of average cost or market value.

Assets Limited as to Use and Investments

Assets limited as to use include assets held by trustees under indenture agreements, and self-insurance agreements and designated assets set aside by the Board of Trustees (the "Board") for future capital improvements as well as research and clinical investments, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets which have been set aside to meet restrictions by the donors. Amounts required to meet certain current liabilities of the Enterprise have been classified as current assets in the balance sheet at June 30, 2020 and 2019. The current portion of assets limited as to use is primarily for unfunded liabilities related to self-insurance.

Non-alternative investments and assets limited as to use are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in excess of revenues over expenses. The Enterprise recognized an investment return, net of $225,717,000 and $274,393,000, for the years ended June 30, 2020 and 2019, respectively.

Alternative Investments are invested through private partnerships and primarily include private equity investments, real assets, hedge funds and Enterprise's investment in Spark Therapeutics. These investments, with the exception of certain real assets in exchange traded funds, are not readily marketable, and are recorded at net asset value ("NAV") with the exception of Spark Therapeutics and other investments recorded using the equity method of accounting. The gains and losses on these investments are included in the excess of revenues over expenses. The Enterprise reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the value of the alternative investments. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. As of June 30, 2020 and 2019, the Enterprise had unfunded commitments relating to these alternative investments of $312,844,000 and $339,347,000 respectively.

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

Accounts Receivable

Accounts receivable consist primarily of amounts owed by various governmental agencies, insurance companies and patients. The Enterprise manages these receivables by regularly reviewing the accounts and contracts and by recording appropriate price concessions. The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections as the primary source of information in estimating the collectability of the accounts receivables. The Enterprise performs an analysis utilizing historical accounts receivable collection and write-off data. The Enterprise believes its quarterly updates to the estimates implicit price concession amounts at each of its hospital facilities provide reasonable valuation estimates of the Enterprise's revenues and accounts receivable.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost for purchased items and at fair value for contributed items. Major renewals and improvements are capitalized while maintenance repairs are expensed when incurred. Depreciation is recognized over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Other Long Term Assets and Receivables

Other long term assets and receivables include, but are not limited to, an estimated amount related to the Medical Care Availability and Reduction of Error Fund ("MCARE") recoveries. The MCARE recovery has an offsetting liability in Other Liabilities.

Accounting for Long-Lived Assets

The Enterprise assesses its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a respective asset that the Enterprise expects to hold and use may not be recoverable. In addition, the Enterprise periodically assesses the estimated useful lives as appropriate.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses include, but are not limited to, trade accounts payables, accrued wages and related state and federal income taxes payable, accrued paid personal leave for employees and accrued employee healthcare related expenses.

Other Liabilities

Other liabilities include, but are not limited to, deferred revenue related to research activities, reserves for unfunded liabilities, reserves for MCARE liabilities, deferred employee compensation fair value of derivative financial instruments and other deferred liabilities.

Patient Service Revenue

Patient Service revenues are reported at the amount that reflects the consideration to which the Enterprise expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others. Generally, the Enterprise bills the patient and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Enterprise. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Enterprise believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care services. The Enterprise measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Enterprise does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Enterprise has elected to apply the practical expedient provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amounts of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These performance obligations 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.

The Enterprise determines its transaction price by assessing the estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals. Estimates of contractual adjustments under managed care and commercial insurance plans are based upon the payment terms specified in the related contractual agreements. The payment arrangements with third-party payers provide for payments to the Enterprise at amounts different from its established rates. Amounts the Enterprise receives for treatment of patients covered by governmental programs and third-party payors as well as directly from patients are subject to both explicit and implicit price concessions. The Enterprise estimates these price concessions using contractual agreements, discount policies, and historical experience. The Enterprise records price concessions in the period of service based on the analysis and consideration of these factors.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Enterprise also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Enterprise estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. The Enterprise has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Enterprises expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. Estimated implicit price concessions are recorded for all uninsured accounts, which includes uninsured patients and uninsured copayment and deductible amounts for patients who have health care coverage, regardless of the aging of those accounts. An increase in the level of uninsured patients to the Enterprise could have an unfavorable impact on the Enterprise's future operating results.

Patient service revenue, net of contractual allowances and discounts, recognized in the period from these major payor sources, is as follows:

	2020			
	Inpatient	**Outpatient**	**Professional Fees**	**Total**
IBC	$ 291,704,000	$ 259,451,000	$ 289,899,000	$ 841,054,000
Aetna	146,960,000	120,366,000	91,940,000	359,266,000
Commercial	277,380,000	209,502,000	189,435,000	676,317,000
MA - Managed Care	286,929,000	164,672,000	50,324,000	501,925,000
Medical Assistance	54,428,000	27,322,000	(10,894,000)	70,856,000
Self-Pay/Others	52,942,000	16,425,000	14,216,000	83,583,000
	$1,110,343,000	$ 797,738,000	$ 624,920,000	$ 2,533,001,000

	2019			
	Inpatient	**Outpatient**	**Professional Fees**	**Total**
IBC	$ 315,645,000	$ 281,279,000	$ 261,223,000	$ 885,147,000
Aetna	152,643,000	122,128,000	94,956,000	369,727,000
Commercial	280,060,000	218,018,000	167,914,000	665,992,000
MA - Managed Care	310,194,000	179,409,000	118,080,000	607,683,000
Medical Assistance	49,907,000	21,390,000	(1,222,000)	70,075,000
Self-Pay/Others	42,569,000	13,564,000	11,194,000	67,327,000
	$1,151,018,000	$ 835,788,000	$ 652,145,000	$ 2,638,951,000

Charity Care

CHOP and Practice Plans provide care to patients who meet certain criteria under charity care policies without charge or at amounts less than their established charges. Because CHOP and Practice Plans do not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charges foregone related to charity care services and free care was approximately $9,765,000 and $10,118,000 in 2020 and 2019, respectively is not included in patient service revenue. The estimated cost of providing the charity services was $3,834,000 and $3,735,000 in 2020 and 2019, respectively. The estimated costs were based on a calculation which multiplied the percentage of operating expenses for the hospital to gross charity care charges. The percentage of cost to gross charges is calculated based on the total operating expenses for the hospital divided by gross patient service revenue for those facilities. An increase in the level of uninsured patients to our facilities and the resulting adverse trends in the provision for doubtful accounts and charity care provided could have a material unfavorable impact on our future operating results.

Research Revenue

CHOP receives grant and contract revenue from governmental and private sources. In 2020 and 2019, grant and contract revenue earned totaled $263,933,000 and $261,339,000, respectively. CHOP recognizes revenue associated with the direct and the applicable indirect costs of federally sponsored programs as the related costs are incurred. For the majority of its grants, CHOP has determined that there is no exchange back to the granting authority. Therefore, CHOP accounts for these grants under the contribution model, which is outside the scope of ASC 606 and revenue is recognized as conditions are met. CHOP negotiates its federal indirect rate with its cognizant federal agency. Indirect costs recovered on federally-sponsored programs are generally based on predetermined reimbursement rates which are stated as a percentage and distributed based on the modified total direct costs incurred. Indirect costs recovered on all other grants and contracts are based on rates negotiated with the respective sponsors.

CHOP receives contributions in the form of conditional government grants. The grants are carried out for research activities that benefit the general public and not for the government's own use. The grants are considered conditional due to the need to first spend the awarded funds on qualifying expenses and a right of return exists for unexpended funds. The grants are reimbursed after the expenses have been incurred. CHOP has conditional contributions for which the conditions have not been met of $272,508,000 and $189,329,000 at June 30, 2020 and 2019, respectively.

Other Operating Revenue

Other operating revenue and gains consists of contributions released from restriction, gains on sale of assets and other miscellaneous operating revenue. In June 2019, CHOP opened a Specialty Pharmacy with the associated revenue is included in other operating revenue. All of the above are accounted for under ASC 606.

CARES Act Stimulus Funding Revenue

In January 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a Public Health Emergency of International Concern. The COVID-19 pandemic has caused a disruption to our nation's healthcare system. Such disruption includes reduction in availability of staffing and reductions in the availability of personal protective equipment to prevent spread of the disease during patient treatment. "Stay at home" orders were issued for Pennsylvania on April 1, 2020 and for New Jersey in March 21, 2020. The stay at home orders for Pennsylvania and New Jersey were lifted in June, with certain restrictions still in place. Academic medical centers continue to respond to the COVID-19 crisis as the situation is dynamic and evolving on a daily basis. CHOP's response to the pandemic reflects this dynamic environment. CHOP's primary objective is to protect the health and safety of its employees and their families; patients, and their families; and the community at large. The pandemic caused a significant decrease in patient days, procedures and visits. With the restrictions on travel, out of area and international business has slowed to a trickle. While out of area patients have slowly begun to return to the main campus, international patients continue to be limited except in emergent cases, although CHOP continues to monitor potential international cases for when travel to the US becomes available. Emergency Department ("ED") visits were also impacted significantly. With continued social distancing for the foreseeable future the expectation is that volumes in the ED will continue to be muted.

CHOP has followed the mandates of the States in which it operates. Those mandates have the goal of protecting the community at large. Due to the nature of this pandemic and related response, patient flow has been restricted, particularly from March through July when phased reopening in CHOP's primary service area was being restored.

On March 27, 2020, the Federal Government passed the CARES Act (Coronavirus Aid, Relief, and Economic Stimulus Act), which allotted $175 billion dollars to healthcare providers and suppliers through Medicare reimbursements, grants and other direct federal payments for which CHOP and the Practice Plans qualified. CARES Act proceeds received from the Department of Health and Human Services as of June 30, 2020 were $54,275,000. The Enterprise recognized revenue related to the CARES Act provider relief funding based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services (HHS), governing the funding that was publicly available at June 30, 2020.

In August 2020, the Enterprise received additional CARES Act provider relief funding of $50,870,000 as part of the Phase 2 general distribution.

In September 2020, HHS issued new reporting requirements for the CARES Act provider relief funding. The new requirements first require the hospital and practice plans to identify healthcare related expenses attributable to coronavirus that another source has not reimbursed. If those expenses do not exceed the funding received the hospital and practice plans will need to demonstrate that the remaining provider relief funds were used for a negative change in calendar year 2020 patient care operating income compared to calendar year 2019.

HHS is entitled to recoup amounts in excess of the negative change in patient care operating income reported net of healthcare related expenses attributable to coronavirus. Due to these new reporting requirements there is at least a reasonable possibility that amounts recorded under CARES Act provider relief fund by the Enterprise may change in future periods.

Income Taxes
The Foundation, CHOP, Practice Plans and other corporations included in the consolidated financial statements (other than the LLC) are corporations that are recognized as exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code ("IRC"). The LLC is a disregarded entity and included in CHOP.

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. The Act impacts the Company in several ways, including new excise taxes on executive compensation and net investment income, increases to unrelated business taxable income (UBTI) by the amount of certain fringe benefits for which a deduction is not allowed, changes to the net operating loss rules, repeal of the alternative minimum tax (AMT), and the computation of UBTI separately for each unrelated trade or business. Further, the Act reduces the US federal corporate tax rate and federal corporate unrelated business income tax rate from 35% to 21%. Thus far the impact has not been material.

Fair Value Measurements
Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy based on three levels of input, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Enterprise for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying amounts reported on the consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximates their fair value. The fair value of assets limited as to use and investments are included in Notes 4 and 5, respectively.

Recent Accounting Pronouncements
In January 2016, the FASB issued a standard on financial instruments. This standard addresses the recognition and measurement of financial assets and financial liabilities to enhance the reporting model for financial instruments. Under this standard equity securities are to be measured at fair value with changes in fair value recognized through net income. This standard was effective for fiscal years beginning after December 15, 2018. The Enterprise adopted this standard and it is reflected through the consolidated financial statements.

In February 2016, the FASB issued a standard on Leases. This standard requires lessees to recognize assets and liabilities for the rights and obligations created by leases with terms in excess of 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease will primarily depend on its classification as a finance or operating lease. The accounting by lessors remains largely unchanged. This standard was effective for fiscal years beginning after December 15, 2018 with an option to defer a year which CHOP elected. The Enterprise is evaluating the impact this will have on the consolidated financial statements beginning in fiscal year 2021.

In November 2016, the FASB issued an amendment to the Topic 230 - Statement of Cash Flows related to Restricted Cash. This standard provides specific guidance on the treatment of restricted cash on the Statement of Cash Flows. This standard is effective for fiscal years beginning after December 15, 2018. The Enterprise adopted this standard for the fiscal year 2020 and is reflected in the consolidated financial statements as a change in presentation of the Cash Flow Statement to also include restricted cash.

In May 2017, the FASB issued a standard on Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. Presently, net benefit cost is reported as an employee cost within excess of revenue over expenses (or capitalized into assets when appropriate.) This standard requires the bifurcation of net benefit cost, as follows: service cost will continue to be reported in Employee benefits within operating income, while the remaining components of net benefit cost will be reported in non-operating. This standard is effective for fiscal years beginning after December 15, 2018. The Enterprise has adopted this standard in fiscal year 20 as service cost were recorded as part of operating income while the other components were recorded as an increase to net assets without donor restriction.

In August 2018, the FASB issued ASU 2018-13, Disclosure Frameworks – Changes to the Disclosure Requirements for Fair Value Measurements, which modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019. The Enterprise is evaluating the impact this will have on the consolidated financial statements beginning in fiscal year 2021.

2. Net Assets

Net assets with donor restriction have restrictions based on the following: 1) restricted as to use by the Enterprise to a specific time period or purpose as directed by the donor or 2) the original value of gifts donated to the Enterprise through a permanent endowment, 3) the original value of subsequent gifts to the Enterprise through a permanent endowment, or 4) accumulations to the permanent endowment in accordance with applicable donor gift instruments.

The Enterprise follows the Pennsylvania Uniform Principal and Income Act ("Pennsylvania Act") to govern the investment, use and management of the endowment funds. The Pennsylvania Act allows a non-profit to elect to spend between 2% and 7% of the endowment market value, determined at least annually and averaged over a period of three or more preceding years. The Children's Hospital of Philadelphia board has elected a 5% spending rule.

The Enterprise considers the following factors in determining if donor-restricted endowment funds are accumulated or appropriated:

1) the duration and preservation of the fund
2) the purposes of the Enterprise's donor-restricted endowment funds
3) general economic conditions
4) effect of possible inflation or deflation
5) the expected total investment return and appreciation of investments
6) other resources of the Enterprise
7) investment policies of the Enterprise

The Enterprise's net assets with donor restriction consist of individual endowment accounts. Unless otherwise directed by the donor, gifts received for endowments are invested in accordance with the Enterprise's investment policy. Unless otherwise directed by the donor, the Enterprise annually appropriates a certain percentage of each endowment fund, which is then available for spending in accordance with the donor's intent. In order to preserve the real value of a donor's gift and to sustain funding consistent with donor intent, the annual appropriation rate is set to strike a reasonable balance between long-term objectives of preserving and growing each endowment fund for the future and providing stable, annual appropriations.

There are no donor restricted endowment funds where the market value is less than the historic gift amount ("underwater").

The June 30, 2020 endowment net asset composition by type of fund consisted of the following:

	Without Restriction	With Restriction	Total
Donor-restricted funds	$ -	$ 275,609,000	$ 275,609,000
Investments	346,571,000	-	346,571,000
Board-designated funds	1,980,867,000	-	1,980,867,000
	$ 2,327,438,000	$ 275,609,000	$ 2,603,047,000

Changes in endowment net assets for the fiscal year ended June 30, 2020 consisted of the following:

	Without Restriction	With Restriction	Total
Endowment net assets, beginning of year	$ 2,108,467,000	$ 263,474,000	$ 2,371,941,000
Investment return:			
Investment income	24,877,000	3,048,000	27,925,000
Net appreciation (realized and unrealized)	(17,878,000)	(1,362,000)	(19,240,000)
Total investment return	6,999,000	1,686,000	8,685,000
Contributions	246,332,000	20,500,000	266,832,000
Transfers	90,880,000	-	90,880,000
Amounts appropriated for			-
expenditures	(125,240,000)	(9,929,000)	(135,169,000)
	-	(122,000)	(122,000)
	$ 2,327,438,000	$ 275,609,000	$ 2,603,047,000

The June 30, 2019 endowment net asset composition by type of fund consisted of the following:

	Without Restriction	With Restriction	Total
Donor-restricted funds	$ -	$ 263,474,000	$ 263,474,000
Investments	337,565,000	-	337,565,000
Board-designated funds	1,770,902,000	-	1,770,902,000
	$ 2,108,467,000	$ 263,474,000	$ 2,371,941,000

Changes in endowment net assets for the fiscal year ended June 30, 2019 consisted of the following:

	Without Restriction	With Restriction	Total
Endowment net assets, beginning of year	$ 1,793,376,000	$ 253,719,000	$ 2,047,095,000
Investment return:			
Investment income	24,970,000	3,357,000	28,327,000
Net appreciation (realized and unrealized)	62,045,000	8,475,000	70,520,000
Total investment return	87,015,000	11,832,000	98,847,000
Contributions	280,876,000	7,900,000	288,776,000
Transfers	77,851,000	(323,000)	77,528,000
Amounts appropriated for expenditures	(130,651,000)	(9,654,000)	(140,305,000)
	$ 2,108,467,000	$ 263,474,000	$ 2,371,941,000

Net assets with donor restriction at June 30, 2020 and 2019 are available for the following purpose:

	2020	**2019**
Endowment	$275,609,000	$263,474,000
Special purpose, Pledges & Other	166,864,000	155,687,000
Research	80,634,000	68,800,000
Perpetual trusts	23,942,000	23,859,000
Capital improvements	1,037,000	1,843,000
	$548,086,000	$513,663,000

3. Pledges Receivable

Pledges receivable consists of private gifts and grants promised from individuals, corporations, foundations or other organizations.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Restricted promises are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a specific time period or purpose. The Enterprise is using an average discount rate of 3.84% for all pledge receivables.

Pledges receivable are expected to be realized in the following periods:

	2020	**2019**
Less than one year	$ 23,048,000	$ 25,602,000
One to five years	63,264,000	52,150,000
Thereafter	15,000,000	20,000,000
	101,312,000	98,752,000
Less: Present value discount	(11,084,000)	(12,631,000)
	90,228,000	86,121,000
Less: Allowance for uncollectible pledges	(1,155,000)	(1,116,000)
	89,073,000	85,005,000
Less: Current portion	(23,048,000)	(25,602,000)
	$ 66,025,000	$ 59,403,000

4. Assets Limited as to Use

Assets limited as to use are comprised of the following at June 30, 2020:

	Level 1	Level 2	Level 3	Alternative Investments	Total
Board-designated					
Cash, cash equivalents and money market	$ 71,630,000	$ -	$ -	$ -	$ 71,630,000
Corporate and municipal bonds	-	361,610,000	41,146,000	-	402,756,000
Domestic and foreign equities	38,904,000	506,395,000	138,054,000	-	683,353,000
U.S. government securities	59,000	52,807,000	-	-	52,866,000
Private Equity, Real Assets & Hedge Funds	-	-	8,725,000	827,185,000	835,910,000
	110,593,000	920,812,000	187,925,000	827,185,000	2,046,515,000
Restricted by donors					
Cash, cash equivalents and money market	9,947,000	-	62,000	-	10,009,000
Corporate and municipal bonds	-	42,411,000	7,330,000	-	49,741,000
Domestic and foreign equities	5,415,000	70,488,000	22,353,000	-	98,256,000
U. S. government securities	8,000	7,351,000	-	-	7,359,000
Private Equity, Real Assets & Hedge Funds	-	-	-	115,141,000	115,141,000
Perpetual Trusts	-	-	23,381,000	-	23,381,000
	15,370,000	120,250,000	53,126,000	115,141,000	303,887,000
Held by trustee under debenture agreement					
Cash, cash equivalents and money market	23,571,000	-	-	-	23,571,000
	23,571,000	-	-	-	23,571,000
Self insurance					
Cash, cash equivalents and money market	20,311,000	-	-	-	20,311,000
Corporate and municipal bonds	153,000	82,783,000	4,533,000	-	87,469,000
Domestic and foreign equities	21,651,000	55,791,000	15,210,000	-	92,652,000
U. S. government securities	1,063,000	21,664,000	-	-	22,727,000
Private Equity, Real Assets & Hedge Funds	-	-	-	91,134,000	91,134,000
Other	-	-	24,281,000	-	24,281,000
	43,178,000	160,238,000	44,024,000	91,134,000	338,574,000
Less: Current portion	(16,251,000)	(35,435,000)	-	-	(51,686,000)
	26,927,000	124,803,000	44,024,000	91,134,000	286,888,000
	$ 176,461,000	$ 1,165,865,000	$ 285,075,000	$ 1,033,460,000	$ 2,660,861,000

Assets limited as to use are comprised of the following at June 30, 2019:

	Level 1	Level 2	Level 3	Alternative Investments	Total
Board-designated					
Cash, cash equivalents and money market	$ 229,239,000	$ -	$ -	$ -	$ 229,239,000
Corporate and municipal bonds	-	207,060,000	38,677,000	-	245,737,000
Domestic and foreign equities	165,055,000	463,202,000	142,028,000	-	770,285,000
U.S. government securities	50,000	90,779,000	-	-	90,829,000
Private Equity, Real Assets & Hedge Funds	-	-	1,924,000	549,453,000	551,377,000
Spark Therapeutics	-	-		14,755,000	14,755,000
	394,344,000	761,041,000	182,629,000	564,208,000	1,902,222,000
Restricted by donors					
Cash, cash equivalents and money market	34,105,000	-	83,000	-	34,188,000
Corporate and municipal bonds	-	13,751,000	7,471,000	-	21,222,000
Domestic and foreign equities	24,557,000	68,914,000	24,300,000	-	117,771,000
U. S. government securities	7,000	13,506,000	-	-	13,513,000
Private Equity, Real Assets & Hedge Funds	-	-	-	81,747,000	81,747,000
Perpetual Trusts	-	-	23,859,000	-	23,859,000
	58,669,000	96,171,000	55,713,000	81,747,000	292,300,000
Held by trustee under debenture agreement					
Cash, cash equivalents and money market	23,335,000	-	-	-	23,335,000
	23,335,000	-	-	-	23,335,000
Self insurance					
Cash, cash equivalents and money market	36,074,000	-	-	-	36,074,000
Corporate and municipal bonds	155,000	49,904,000	4,342,000	-	54,401,000
Domestic and foreign equities	36,969,000	51,995,000	15,943,000	-	104,907,000
U. S. government securities	1,551,000	44,932,000	-	-	46,483,000
Private Equity, Real Assets & Hedge Funds	-	-	-	61,676,000	61,676,000
Other	-	-	24,916,000	-	24,916,000
	74,749,000	146,831,000	45,201,000	61,676,000	328,457,000
Less: Current portion	(13,629,000)	(33,204,000)	-	-	(46,833,000)
	61,120,000	113,627,000	45,201,000	61,676,000	281,624,000
	$ 537,468,000	$ 970,839,000	$ 283,543,000	$ 707,631,000	$ 2,499,481,000

Level 3 investments are largely comingled investment funds utilizing total market value for pricing. Alternative investments relating to private equity, real estate and hedge funds are recorded at net asset value ("NAV") with the exception of Spark Therapeutics and other investments recorded using the equity method of accounting and are not required to be included as Level 1, 2 or 3.

The following table displays information by asset class for assets limited to use that are measured using NAV as a practical expedient as of June 30, 2020:

	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Equity Funds	$ -	Monthly/Quarterly	20-90 days	$ -
Hedge Funds	310,163,000	Monthly/Quarterly	20-90 days	-
Real Estate	103,183,000	Annually	Over 12 months	34,715,000
Venture Capital and Private Equity	620,114,000	Annually	Over 12 months	240,873,000
	$ 1,033,460,000			$275,588,000

The following table displays information by asset class for assets limited to use that are measured using NAV as a practical expedient as of June 30, 2019:

	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Equity Funds	$ 78,855,000	Monthly/Quarterly	20-90 days	$ -
Hedge Funds	69,468,000	Monthly/Quarterly	20-90 days	109,000
Real Estate	93,851,000	Annually	Over 12 months	33,712,000
Venture Capital and Private Equity	450,702,000	Annually	Over 12 months	262,671,000
	$692,876,000			$296,492,000

Equity Funds: Commingled equity funds with a focus on energy and hard assets. Strategies involve Exchange Traded Funds that invest in both publicly traded companies as well as emerging markets.

Hedge Funds: Consists of private equity hedge funds. Strategies can be broadly diversified or narrowly focused and can range in terms of levels of net exposure.

Real Estate: Private equity partnerships with investments in real estate properties. Strategies focus in the United States but can cross geographic.

Venture Capital and Private Equity: Investments in private equity partnerships. Strategies can be broadly diversified or narrowly focused and can range in terms of levels of net exposure.

In 2013, CHOP established a for-profit company, Spark Therapeutics, Inc. ("Spark"). CHOP received its initial investment in common stock in consideration for the transfer of intellectual property rights and the assignment of contracts to Spark in connection with a technology assignment agreement. CHOP and Spark also entered into a research services agreement. CHOP is accounting for its investment in Spark under the equity method.

During fiscal year 2020, CHOP sold 1,954,957 shares of Spark Therapeutic. As a result of these sales, CHOP no longer has an ownership interest at June 30, 2020. CHOP recorded equity in losses of ($5,556,000) and ($17,848,000) in June 30, 2020 and 2019, respectively. The gain recorded for the years ended June 30, 2020 and 2019 was $209,212,000 and $207,406,000, respectively.

The following table is a roll forward for the balance sheet amounts for financial instruments classified by the Enterprise within Level 3 of the fair value hierarchy defined above.

	Fair value 2019	Unrealized Gains (Losses)	Realized Gains (Losses)	Sales	Purchases	Fair value 2020
Cash, Cash Equivalents & Money Markets	$ 83,000	$ -	$ -	$ (21,000)	$ -	$ 62,000
Corporate & Municipal Bonds	50,490,000	1,319,000	-	(177,000)	1,377,000	53,009,000
Domestic & Foreign Equities	182,271,000	(11,199,000)	1,333,000	(825,000)	4,037,000	175,617,000
Private Equity, Real Assets & Hedge Funds	1,924,000	(41,961,000)	9,414,000	(159,289,000)	198,637,000	8,725,000
Perpetual Trusts Held by 3rd Party	23,859,000	(478,000)	-	-	-	23,381,000
Other	24,916,000	(635,000)	-	-	-	24,281,000
	$ 283,543,000	$ (52,954,000)	$ 10,747,000	$ (160,312,000)	$ 204,051,000	$ 285,075,000

	Fair value 2018	Unrealized Gains (Losses)	Realized Gains (Losses)	Sales	Purchases	Fair value 2019
Cash, Cash Equivalents & Money Markets	$ 66,000	$ -	$ -	$ (731,000)	$ 748,000	$ 83,000
Corporate & Municipal Bonds	47,378,000	1,463,000	561,000	(1,376,000)	2,464,000	50,490,000
Domestic & Foreign Equities	173,208,000	(3,617,000)	1,405,000	(717,000)	11,992,000	182,271,000
Private Equity, Real Assets & Hedge Funds	2,547,000	(5,678,000)	35,864,000	(103,657,000)	72,848,000	1,924,000
Perpetual Trusts Held by 3rd Party	22,791,000	1,068,000	-	-	-	23,859,000
Other	23,978,000	938,000	-	-	-	24,916,000
	$ 269,968,000	$ (5,826,000)	$ 37,830,000	$ (106,481,000)	$ 88,052,000	$ 283,543,000

Included above, in restricted by donors are funds held in trust by others in perpetuity for the benefit of the Enterprise, which have been recorded in net assets with donor restriction at fair market value at $23,942,000 at June 30, 2020 and $23,859,000 at June 30, 2019.

5. Investments

Investments are comprised of the following at June 30, 2020:

	Level 1	Level 2	Level 3	Alternative Investments	Total
Cash, cash equivalents and money market	$ 17,000,000	$ -	$ 14,000	$ -	$ 17,014,000
Corporate and municipal bonds	96,622,000	51,462,000	7,258,000	-	155,342,000
Domestic and foreign equities	148,169,000	85,531,000	24,111,000	-	257,811,000
U. S. government securities	10,000	8,919,000	-	-	8,929,000
Private Equity, Real Assets & Hedge Funds	-	-	350,000	139,712,000	140,062,000
Accrued Interest	-	-	-	-	-
	$ 261,801,000	$ 145,912,000	$ 31,733,000	$ 139,712,000	$ 579,158,000

Investments are comprised of the following at June 30, 2019:

	Level 1	Level 2	Level 3	Alternative Investments	Total
Cash, cash equivalents and money market	$ 48,207,000	$ -	$ 15,000	$ -	$ 48,222,000
Corporate and municipal bonds	97,814,000	17,617,000	7,663,000	-	123,094,000
Domestic and foreign equities	162,175,000	88,294,000	27,770,000	-	278,239,000
U. S. government securities	10,000	17,304,000	-	-	17,314,000
Private Equity, Real Assets & Hedge Funds	-	-	350,000	104,735,000	105,085,000
Accrued Interest	212,000	-	-	-	212,000
	$ 308,418,000	$ 123,215,000	$ 35,798,000	$ 104,735,000	$ 572,166,000

Level 3 investments are largely comingled investment funds utilizing total market value for pricing Alternative investments, except certain real assets, are accounted at net asset value or under the equity method of accounting and are not required to be included as Level 1, 2 or 3.

The following table displays information by investments that are measured using NAV as a practical expedient as of June 30, 2020:

	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Equity Funds	$ -	Monthly/Quarterly	20-90 days	$ -
Hedge Funds	41,931,000	Monthly/Quarterly	20-90 days	-
Real Estate	13,949,000	Annually	Over 12 months	4,693,000
Venture Capital and Private Equity	83,832,000	Annually	Over 12 months	32,563,000
	$ 139,712,000			$ 37,256,000

The following table displays information by investments that are measured using NAV as a practical expedient as of June 30, 2019:

	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Equity Funds	$ 11,920,000	Monthly/Quarterly	20-90 days	$ -
Hedge Funds	10,501,000	Monthly/Quarterly	20-90 days	16,000
Real Estate	14,186,000	Annually	Over 12 months	5,096,000
Venture Capital and Private Equity	68,128,000	Annually	Over 12 months	39,705,000
	$ 104,735,000			$ 44,817,000

Equity Funds: Commingled equity funds with a focus on energy and hard assets. Strategies involve Exchange Traded Funds that invest in both publicly traded companies as well as emerging markets.

Hedge Funds: Consists of private equity hedge funds. Strategies can be broadly diversified or narrowly focused and can range in terms of levels of net exposure.

Real Estate: Private equity partnerships with investments in real estate properties. Strategies focus in the United States but can cross geographic.

Venture Capital and Private Equity: Investments in private equity partnerships. Strategies can be broadly diversified or narrowly focused and can range in terms of levels of net exposure.

The following table is a roll forward for the balance sheet amounts for financial instruments classified by the Enterprise within Level 3 of the fair value hierarchy defined above.

	Fair value 2019	Unrealized Gains (Losses)	Realized Gains (Losses)	Sales	Purchases	Fair value 2020
Cash, Cash Equivalents & Money Markets	$ 15,000	$ -	$ -	$ (1,000)	$ -	$ 14,000
Corporate & Municipal Bonds	7,663,000	166,000	-	(624,000)	53,000	7,258,000
Domestic & Foreign Equities	27,770,000	(1,414,000)	168,000	(2,600,000)	187,000	24,111,000
Private Equity, Real Assets & Hedge Funds	350,000	(5,298,000)	1,188,000	(20,111,000)	24,221,000	350,000
	$35,798,000	$ (6,546,000)	$1,356,000	$ (23,336,000)	$24,461,000	$31,733,000

	Fair value 2018	Unrealized Gains (Losses)	Realized Gains (Losses)	Sales	Purchases	Fair value 2019
Cash, Cash Equivalents & Money Markets	$ 25,000	$ -	$ -	$ (110,000)	$ 100,000	$ 15,000
Corporate & Municipal Bonds	8,095,000	206,000	79,000	(761,000)	44,000	7,663,000
Domestic & Foreign Equities	29,538,000	(509,000)	198,000	(2,803,000)	1,346,000	27,770,000
Private Equity, Real Assets & Hedge Funds	350,000.00	(799,000)	5,049,000	(14,506,000)	10,256,000	350,000
	$38,008,000	$ (1,102,000)	$5,326,000	$ (18,180,000)	$11,746,000	$35,798,000

6. Land, Buildings and Equipment

Land, buildings and equipment and accumulated depreciation consist of the following at June 30:

	2020	2019
Assets		
Land	$ 76,013,000	$ 76,013,000
Land improvements	3,239,000	3,239,000
Buildings and building improvements	2,739,025,000	2,659,186,000
Fixed equipment	764,897,000	763,353,000
Major movable equipment	1,217,121,000	1,107,538,000
Construction in progress	392,994,000	180,540,000
	5,193,289,000	4,789,869,000
Accumulated depreciation		
Land improvements	(2,511,000)	(2,313,000)
Buildings and building improvements	(891,330,000)	(783,159,000)
Fixed equipment	(544,380,000)	(525,786,000)
Major movable equipment	(936,243,000)	(856,965,000)
	(2,374,464,000)	(2,168,223,000)
	$2,818,825,000	$2,621,646,000

The Enterprise capitalized $11,619,000 and $4,227,000 of interest expense during the years ended June 30, 2020 and 2019, respectively.

A component in the change year over year included in property, plant and equipment, net is change in non-cash additions of $25,874,000 and ($19,407,000) for the years ended June 30, 2020 and 2019, respectively. The change in non-cash additions have been excluded from operating and investing activities in the statement of cash flow.

For financial reporting purposes, the Enterprise uses straight-line depreciation over the assets' estimated lives, which are as follows:

Land improvements	10-20 years
Buildings and building improvements	10-40 years
Fixed equipment	5-20 years
Major movable equipment	3-20 years

Construction-in-progress at June 30, 2020 relates to expansion projects at CHOP and information systems projects. The total estimated costs to complete the projects in construction-in-progress are approximately $1,036,443,000.

7. Long-Term Debt

Long-term debt consists of the following at June 30:

Bond	Fixed or Variable	Interest Payable	Effective Interest Rate	Maturity Date	Footnote	2020	2019
2002 A Bonds	Variable	Monthly	1.77%	7/1/2022	(a)	$ 7,300,000	$ 9,600,000
2002 B Bonds	Variable	Monthly	1.36%	7/1/2025	(a)	76,100,000	79,000,000
2005 A Bonds	Variable	Monthly	1.55%	2/15/2021	(b)	10,030,000	19,585,000
2011 A Bonds	Variable	Monthly	1.66%	7/1/2041	(c)	50,000,000	50,000,000
2011 B Bonds	Variable	Monthly	1.51%	7/1/2041	(c)	50,000,000	50,000,000
2011 C Bonds	Fixed	Semi-annually	4.18%	7/1/2041	(d)	83,690,000	85,815,000
2011 D Bonds	Fixed	Semi-annually	5.00%	7/1/2032	(e)	164,010,000	164,010,000
2014 A Bonds	Fixed	Semi-annually	4.48%	7/1/2044	(f)	190,420,000	190,420,000
2017 Bonds	Fixed	Semi-annually	4.38%	7/1/2037	(g)	176,280,000	177,690,000
Notes Payable 2012	Fixed	Quarter	1.00%	10/1/2019	(h)	-	9,800,000
Notes Payable 2014	Fixed	Annually	1.00%	12/31/2021	(i)	29,835,000	29,835,000
PIDC Loan	Fixed	Monthly	3.00%	5/1/2031	(j)	4,164,000	4,482,000
						841,829,000	870,237,000
Less: Current Portion						(19,581,000)	(28,408,000)
						822,248,000	841,829,000
Unamortized bond related liabilities						25,868,000	27,034,000
Total Long-Term Debt						$ 848,116,000	$ 868,863,000

Principal repayments as of June 30, 2020 on the debt are due as follows:

2021	$ 19,581,000
2022	20,312,000
2023	21,163,000
2024	22,033,000
2025	22,939,000
Thereafter	735,801,000
	$ 841,829,000

a. During July 2002, the Enterprise borrowed $309,300,000 under a Loan Agreement from the sale of tax-exempt Hospital Revenue Bonds (The Children's Hospital of Philadelphia Project), Series A, B, C, D, and E of 2002 (the "2002 Bonds") issued by the Enterprise and Higher Education Facilities Authority of Philadelphia (the "Authority"). The proceeds from the sale of the 2002 Bonds were deposited in escrow accounts and used to provide funds to (i) pay or reimburse CHOP for the costs of constructing new facilities (ii) advance refund the Hospital

Revenue Bonds (CHOP) Series 1992A, 1992B and 1996A in the aggregate amount of $183,430,000 and the Hospital Revenue Bonds (CSH) Series 1992A and 1992B in the aggregate amount of $37,140,000, and (iii) fund debt service reserves and debt issuance costs pertaining to the 2002 Bonds.

The 2002 Bonds were issued under a loan and trust agreement dated as of July 1, 2002 (the "Original Trust Agreement") among the Authority, J.P. Morgan Trust Company, National Association, as trustee, and the Foundation and CHOP. Under this agreement, the Foundation and CHOP (collectively considered the initial members of the Enterprise) are jointly and severally obligated to provide funds to service all outstanding debt of approximately $309,300,000 under the Master Indenture.

Under the terms of the 2002 Bonds, the Enterprise pledged an interest in its gross revenues and is required to, among other things, meet defined debt service coverage and debt to capitalization ratios, maintain a minimum days cash on hand, and limit the amount of operating assets that may be disposed or transferred. The terms of the 2002 Bonds also specify conditions under which the members of the Enterprise may incur additional debt. Failure by the members of the Enterprise to observe certain covenants may result in the occurrence of an event of default, upon which the remaining obligations may be declared immediately due and payable. The Enterprise was in compliance with its financial covenants at June 30, 2020 and 2019.

b. During February 2005, the Enterprise borrowed $60,950,000 under a Loan Agreement from the sale of tax-exempt Hospital Revenue Bonds (The Children's Hospital of Philadelphia Project) Series A of 2005 (the "2005 A Bonds") issued by the Authority. The proceeds from the 2005 A Bonds were used to refinance $60,950,000 of the Series 1993 A Bonds. The 2005 A Bonds were issued under the Original Trust Agreement noted in (a) above, as supplemented by a second supplemental loan and trust agreement dated as of February 1, 2005 (the "Second Supplemental Trust Agreement" and together with the Trust Agreement). The 2005 A Bonds are payable, on a parity basis with the 2002 and 2003 Bonds.

c. During March 2011, the Enterprise borrowed $100,000,000 under a Loan Agreement from the sale of tax-exempt Hospital Revenue Bonds (The Children's Hospital of Philadelphia Project) Series 2011 A, and B (Series 2011 Bonds) issued by the Authority. The proceeds were used to finance the costs of a project consisting of: (A)(i) construction of a new, eight story ambulatory care center, a five-level underground parking garage for 1,500 cars and other improvements relating to the ambulatory care center; (ii) undertaking certain other miscellaneous capital projects, equipment purchases and campus renovation; (iii) reimbursing the Enterprise for certain costs heretofore incurred in connection with such projects; and (B) payment of bond issuance costs and expenses.

d. During October 2011, the Enterprise borrowed $96,785,000 under a Loan Agreement from the sale of tax-exempt Hospital Revenue Bonds (The Children's Hospital of Philadelphia Project) Series 2011 C, (Series 2011 Bonds) issued by the Authority. The proceeds were used to finance the costs of a project consisting of: (A)(i) construction of a new, eight story ambulatory care center, a five-level underground parking garage for 1,500 cars and other improvements relating to the ambulatory care center; (ii) undertaking certain other miscellaneous capital projects, equipment purchases and campus renovation; (iii) reimbursing the Enterprise for certain costs heretofore incurred in connection with such projects; and (B) payment of bond issuance costs and expenses.

e. During October 2011, the Enterprise borrowed $164,010,000 under a Loan Agreement from the sale of tax-exempt Hospital Revenue Bonds (The Children's Hospital of Philadelphia Project) Series 2011 D, (Series 2011 Bonds) issued by the Authority. The proceeds were used to (A) refund the Series 2008 A, B, and C bonds and (B) payment of bond issuance costs and expenses.

f. During September 2014, the Enterprise borrowed $190,420,000 under a Loan Agreement from the sale of tax-exempt Hospital Revenue Bonds (The Children's Hospital of Philadelphia Project) Series 2014 A, (Series 2014 Bonds) issued by the Philadelphia Authority for Industrial Development. The bonds were sold at a premium resulting in $200,000,000 in proceeds. The proceeds were used to finance the costs of a project consisting of: (A)(i) construction of a new, eight story ambulatory care center, a five-level underground parking garage for 1,500 cars and other improvements relating to the ambulatory care center; (ii) reimbursing the Enterprise for certain costs heretofore incurred in connection with such projects; and (B) payment of bond issuance costs and expenses.

g. During June 2017, the Enterprise borrowed $179,080,000 under a Loan Agreement from the sale of tax-exempt Hospital Revenue Bonds (The Children's Hospital of Philadelphia Project) Series 2017, (Series 2017 Bonds) issued by the Philadelphia Authority for Industrial Development. The bonds were sold at a premium resulting in $198,214,000 in proceeds. The net proceeds were paid to the Bond Trustee on behalf of CHOP and applied, together with other available funds of CHOP, to finance the costs of a project consisting of: (i) the current refunding of all of the outstanding Series A of 2007 Bonds and (ii) payment of bond issuance expenses and related costs and expenses.

h. During December 2012, the Enterprise entered into a transaction with CITI NMTC Subsidiary XII, LLC related to the Karabots Pediatric Care Center in West Philadelphia, Pennsylvania and expects to receive a net benefit of $2.3 million under a qualified New Markets Tax Credit Program ("NMTC"). The NMTC was provided for in the Community Renewal Tax Relief Act of 2000 (the "Act") and is intended to induce investment capital in under-served and impoverished areas of the United States. As a result of the transaction, the Enterprise has a receivable in the amount of $7,075,000 and a loan in the amount of $9,800,000. In 2020, the receivable and the loan were forgiven and CHOP will recognize approximately $1,900,000 of the net cash received as revenue within other income when the company is officially dissolved.

i. During October 2014, the Enterprise entered into a transaction with Chase NMTC CHOP Investment Fund, LLC related to the 1700 Broad Street Family Care Center in South Philadelphia, Pennsylvania and expects to receive a net benefit of $9.0 million under a qualified New Markets Tax Credit Program ("NMTC"). The NMTC was provided for in the Community Renewal Tax Relief Act of 2000 (the "Act") and is intended to induce investment capital in under-served and impoverished areas of the United States. As a result of the transaction, the Enterprise has a receivable in the amount of $20,770,000 and a loan in the amount of $29,835,000. In 2021, the receivable and the loan are expected to be forgiven and CHOP anticipates that it will recognize approximately $9,065,000 of the net cash received as revenue within other income in the year ended June 30, 2022.

j. The Enterprise also entered into a loan with Philadelphia Industrial Development Corporation ("PIDC") in the original principal amount of $8,279,000.

The series 2002, 2005, 2008 and 2011 A and B bonds are variable rate demand obligations which are payable on demand at the option of the bondholder. In connection with these bond offerings, CHOP entered into stand-by bond purchase agreements with various commercial banks which require the banks to purchase any bonds that are put by bondholders for payment. If the put bonds held by the banks are not remarketed after a 180 day period, the bonds will convert to term loans which are payable by CHOP in equal semi-annual installments over 5 years. Interest on the term loan is payable monthly at a rate of the greater of 9% or prime plus 2%. As of June 30, 2020, there were no bonds that were held by the banks under the terms of the stand-by purchase agreements.

For the debt described above, the Enterprise had an interest expense of $34,202,000 and $35,146,000 as well as capitalized interest of ($11,619,000) and ($4,227,000) for the years ended June 30, 2020 and June 30, 2019, respectively.

Derivative Financial Instruments
In connection with the issuance of the 2002 Bonds, the Enterprise entered into two interest rate swap agreements on July 30, 2002 relating to Series A (the "2002 Swap") with expiration date of July 1, 2022. The 2002A Swap was entered into for the purpose of fixing interest rates on variable rate bonds, thus reducing exposures to interest rate fluctuations. The amount exchanged is based on the notional amount whereby the Enterprise pays the counterparty interest at a fixed rate and the counterparty pays the Enterprise at a variable rate based on the weekly Bond Market Association ("BMA") Index. The Enterprise has accounted for the 2002A Swap as a cash flow hedge with the change in valuation being accounted for as a component of the changes in net assets without donor restrictions.

In connection with the issuance of 2005A Bonds, the Enterprise entered into an interest rate swap agreement on February 15, 2005 with an expiration date of February 15, 2021. The swap was entered into for purposes of fixing interest rates on variable rate bonds, thus reducing exposures to interest rate fluctuations. The amount exchanged is based on the notional amount whereby the Enterprise pays the counterparty interest at a fixed rate and the counterparty pays the Enterprise at a variable rate based on the BMA Index. The Enterprise has accounted for the 2005A Swap as a cash flow hedge with the change in valuation being accounted for as a component of the changes in net assets without donor restrictions.

The notional amounts and fair values, based on quoted market prices, of the Enterprise's derivative financial instruments are as follows at June 30:

	Notional	**Balance Sheet (Other Liabilities)**		**Statement of Operations**	
Interest Rate Swap		**2020**	**2019**	**2020**	**2019**
2002A Swap	$ 7,300,000	($302,000)	($447,000)	$ 145,000	$ 107,000
2005A Swap	10,030,000	(301,000)	(789,000)	488,000	598,000
Totals	$17,330,000	($603,000)	($1,236,000)	$633,000	$705,000

Under these agreements, net interest expense of $1,138,000 and $1,702,000 relating to the derivative financial instruments was incurred for the years ended June 30, 2020 and 2019 respectively.

In March of 2020, the Enterprise entered into two forward starting fixed rate swaps, each with an effective date of July 01, 2021. The first swap has a notional amount of $165.7 million and expires on July 01, 2032. The second swap has a notional amount of $79.9 million and expires on July 01, 2041. As of June 30, 2020 the fair market value of the combined swaps was approximately negative $2.0 million.

Interest rate swaps have been classified in Level 2 of the fair value hierarchy. For the over the counter derivatives that trade in liquid markets, such as interest rate swaps, model inputs (i.e. contractual terms, market prices, yield curves, credit curves and measures of volatility) can generally be verified and model selection does not involve significant management judgment.

8. Pension Plans

Through December 31, 1999, CHOP sponsored a defined benefit pension plan (the "Plan") that covered substantially all nonunion employees. The Plan called for benefits to be paid to eligible employees at retirement, based primarily upon years of service with CHOP and compensation. Contributions to the Plan reflected benefits attributed to employees' service to date, as well as service expected to be rendered in the future. Plan assets consisted primarily of common stock, investment-grade corporate bonds, and U.S. Government obligations.

The Plan sponsor voted to amend and restate the Plan effective January 1, 2000 to reflect the conversion of the Plan to a cash balance payment formula and the change in the Plan's name to The Children's Hospital of Philadelphia Pension Account Plan. Subject to certain grandfathering, the accrued benefit under the old plan was converted to the opening balance of the Pension Account Plan. The present value of the accrued benefit payable at age 65 was converted to a lump-sum using IRS required present value assumptions.

The Hospital's Boards of Trustees (the "Boards of Trustees") authorized the adoption of a noncontributory, defined benefit pension plan called the Pension Plan for Union-Represented Employees Hired before July 1, 2000 for the benefit of certain employees of CHOP as of June 30, 2000 who are covered under the collective bargaining agreement between CHOP and the National Union of Hospital and Health Care Employees, District 1199C. This plan excludes those employees of CHOP who had at least 15 years seniority with CHOP as of July 1, 2000, or who would be eligible to retire on an early or normal retirement date under the terms of the Pension Plan for Hospital and Health Care Employees, Philadelphia Vicinity (the "1199C Plan"), as in effect on June 1, 2000, on or before July 1, 2001, based on their anticipated service as of July 1, 2001 ("Grandfathered Union Employees"). These Grandfathered Union Employees remain in the 1199C plan.

The Boards of Trustees authorized the adoption of a noncontributory defined benefit pension plan with a cash balance payment formula called The Children's Hospital of Philadelphia Pension Plan for Union-Represented Employees Hired On or After July 1, 2000. This plan was similar to The Children's Hospital of Philadelphia Pension Account Plan as in effect at that time. This plan covers the employees under the collective bargaining agreement between CHOP and District 1199C hired on or after July 1, 2000.

The Pension Account Plan was amended so that employees hired on or after July 1, 2013 are not eligible to participate in the Plan. An eligible employee hired prior to July 1, 2013 was entitled to make an irrevocable election during the period September 2, 2013 and October 15, 2013 to be covered under either the Funded Savings Plan or the Pension Account Plan. This election was effective January 1, 2014.

In March 2018, CHOP announced that The Children's Hospital of Philadelphia Pension Account Plan will be frozen as of December 31, 2018, and participants will not receive compensation credits for periods beginning on or after January 1, 2019. This announcement resulted in a curtailment and remeasurement of Net Periodic Pension Cost for the Plan for the fourth quarter. In fiscal year 2020, CHOP liquidated the plan, paying out $620,218,000 in settlements to plan participants. Following the termination of the Plan, CHOP only has the Pension Plan for Union Represented Employees remaining. During the year, the Children's Hospital of Philadelphia Foundation loaned the Union Plan $12,000,000 which will be repaid with an exchange of alternative investments.

The 2020 and 2019 actuarially computed cost for the Plan, Pension Plan for Union Represented Employees hired before July 1, 2000 and Pension Plan for Union-Represented Employees hired after on or July 1, 2000 included the following components:

	2020	2019
Change in benefit obligation		
Benefit obligation at beginning of year	$ 738,717,000	$ 612,817,000
Service cost	6,320,000	14,879,000
Interest cost	7,560,000	23,465,000
Actuarial (gain) loss	(13,931,000)	100,235,000
Benefits paid	(5,094,000)	(9,502,000)
Other	(2,879,000)	(3,179,000)
Settlements	(620,218,000)	-
Benefit obligation at end of year	110,475,000	738,715,000
Change in plan assets		
Fair value of plan assets at beginning of year	627,255,000	566,403,000
Actual return on plan assets (net expenses)	28,227,000	48,533,000
Employer contributions	60,334,000	25,000,000
Benefits paid	(5,093,000)	(9,502,000)
Other	(2,879,000)	(3,179,000)
Settlements	(620,218,000)	-
Fair value of plan assets at end of year	87,636,000	627,255,000
Reconciliation of the funded status		
Funded status	(22,839,000)	(111,460,000)
Accrued pension cost	$ (22,839,000)	$(111,460,000)

The accumulated benefit obligation for all defined benefit pension plans was $102,212,000 and $730,725,000 at June 30, 2020 and 2019, respectively.

	2020	2019
Components of net periodic benefit cost		
Service cost	$ 6,320,000	$ 14,879,000
Interest cost	7,560,000	23,466,000
Expected return on plan assets	(8,642,000)	(24,351,000)
Amortization of prior service cost	2,000	2,000
Amortization of net actuarial loss	2,232,000	4,837,000
Settlements	161,154,000	-
Net periodic benefit cost	$ 168,626,000	$ 18,833,000
Net (loss) / Gain	(33,516,000)	76,054,000
Amortization of prior service cost	(2,000)	(2,000)
Amortization of net loss	(2,232,000)	(4,837,000)
Settlements	(161,154,000)	-
Total recognized in net assets without donor restriction	(196,904,000)	71,215,000
Total recognized in net periodic benefit cost and net assets without donor restriction	$(28,278,000)	$ 90,048,000

The estimated net loss that will be amortized from net assets without donor restriction into net periodic benefit cost over the next fiscal year is $1,243,000. Amounts not yet recognized in net periodic benefit cost include $25,361,000 and $222,263,000 in actuarial loss and $2,000 and $4,000 in prior service cost for the periods ended June 30, 2020 and June 30, 2019, respectively.

	2020	2019	
Weighted-average assumptions as of June 30			
Discount Rate (Pension Account Plan)	2.45%	2.45%	
Discount Rate (Union Represented Plan)	3.75%	3.75%	
Rate of compensation increase (Pension Account Plan)	N/A	N/A	
Rate of compensation increase (Union Represented Plan)	3.00%	3.00%	
Weighted-average assumptions for net periodic benefit cost			
Discount rate	3.25%	4.25% / 2.92%	*
Expected return on plan assets	3.80%	4.00%	
Rate of compensation (Pension Account Plan)	NA	4.00%	
Rate of compensation (Union Represented Plan)	3.00%	3.00%	

** Discount rate assumption for the Pension Account Plan was decreased from 4.25% to 2.92% as of 12/31/2018, when fiscal 2019 expense was measured to reflect plan termination accounting.*

In 2020, CHOP adopted the Society of Actuaries Pri-2012 base table with generational projection using scale MP-2019 applied.

The average asset allocation of these pension plans at June 30, 2020 and 2019 by asset category are as follows:

	Percentage of Plan Assets 2020	**Percentage of Plan Assets 2019**
Government securities	85%	80%
Alternative Investments	9%	2%
Cash	7%	18%
	100%	100%

The expected long-term rate of return for the U.S. plan assets is based on the expected return of each of the above categories, weighted based on the target allocations for each class. Equity securities are expected to return 10% on average over the long-term. Debt securities are expected to return 6% over the long term and real assets are expected to return 8% over the long term.

The majority of the Union Plan assets, approximately 85%, are invested in highly rated long-term Treasury securities to maintain liquidity and minimize permanent loss of capital due to increased volatility in other markets and impairments to the economy. Approximately 6% of plan assets are in cash, with the remainder of assets in alternative investments including private equity, real assets, and hedge funds that follow multiple different strategies.

Estimated future benefit payments

The following benefit payments which reflect expected future service, as appropriate, are expected to be paid:

2021	$ 1,681,000
2022	1,957,000
2023	2,284,000
2024	2,636,000
2025	3,004,000
2026 - 2030	21,273,000

Contributions

The Enterprise projects it will be required to make a pension plan contribution of approximately $6,250,000 to the Plan in 2021.

Fair Value

The following table sets forth by level within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2020:

	Level 1	**Level 2**	**Level 3**	**Alternative Investments**	**Total**
Cash	$ -	$ -	$ 1,959,000	$ -	$ 1,959,000
Debt	-	74,295,000	3,595,000	-	77,890,000
Equities	-	-	-	-	-
Alternative	-	-	-	7,787,000	7,787,000
Total	$ -	$ 74,295,000	$ 5,554,000	$ 7,787,000	$ 87,636,000

The following table sets forth by level within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Alternative Investments	Total
Cash	$ -	$ -	$ 114,962,000	$ -	$ 114,962,000
Debt	-	500,766,000	-	-	500,766,000
Equities	-	-	-	-	-
Alternative	-	-	-	11,527,000	11,527,000
Total	$ -	$ 500,766,000	$ 114,962,000	$ 11,527,000	$ 627,255,000

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 investments for the years ended June 30, 2020 and 2019.

	Fair value 2019	Unrealized Gains (Losses)	Realized Gains (Losses)	Sales	Purchases	Fair value 2020
Cash	$ 114,962,000	$ -	$ -	$(125,138,000)	$ 12,135,000	$ 1,959,000
Debt	-	-	-	-	-	-
Equity	-	(34,000)	24,000	(33,000)	43,000	-
	$ 114,962,000	$ (34,000)	$ 24,000	$(125,171,000)	$ 12,178,000	$ 1,959,000

	Fair value 2018	Unrealized Gains (Losses)	Realized Gains (Losses)	Sales	Purchases	Fair value 2019
Cash	$ 19,382,000	$ -	$ -	$ (9,188,000)	$ 104,768,000	$ 114,962,000
Debt	-	-	-	-	-	-
Equity	-	-	-	-	-	-
	$ 19,382,000	$ -	$ -	$ (9,188,000)	$ 104,768,000	$ 114,962,000

The Enterprise assets are managed by investment managers. Valuation techniques are utilized to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used to measure fair value at June 30, 2020.

- Common stock is valued based on quoted market prices in the active markets on which the individual securities traded.

- Registered investment companies are valued at net asset value (NAV) of shares held by the Plan at year end.

- Alternative Investments are valued based upon the NAV of the fund held by the Plan at year end. The Plan considers valuations provided to it by the general partners of the funds. The values assigned to private equity funds are based upon assessment of each underlying investment, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions and performance multiples among other factors.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Boards of Trustees authorized the adoption of a supplemental retirement plan, called The Children's Hospital of Philadelphia Retirement Savings Plan, which is a tax-deferred annuity plan under Section 403(b) of the IRC of 1986, as amended, for non-bargaining unit employees.

The Boards of Trustees authorized the adoption of a supplemental retirement plan, called The Children's Hospital of Philadelphia Retirement Savings Plan for Union-Represented Employees, which is a tax-deferred annuity plan under Section 403(b) of the IRC of 1986, as amended, for bargaining unit employees.

The Enterprise also has The Children's Hospital of Philadelphia Funded Retirement Savings Plan which is a defined contribution plan that operates under Section 401(a) of the Internal Revenue

Code (IRC) covering all employees of The Children's Hospital of Philadelphia (the Hospital) and any other subsidiaries as approved by the Board of Trustees of the Hospital (collectively, the Participating Employers), however, the Plan is sponsored by the Hospital. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Total expenses under the supplemental retirement 403(b) plans were $23,333,000 and $19,407,000 for the periods ended June 30, 2020 and June 30, 2019. Total expenses under the funded retirement savings 401(a) plan were $41,000,000 and $27,850,000 for the periods ended June 30, 2020 and June 30, 2019.

9. Commitments and Contingencies and Other Transactions

The Enterprise leases various facilities under operating leases expiring at various dates through 2039. Certain Practice Plans lease automobiles and office equipment under operating leases. Total rental expense in 2020 and 2019 for all operating leases was approximately $18,538,000 and $19,913,000, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2020, that have initial or remaining lease terms in excess of one year:

2021	$ 18,852,000
2022	23,410,000
2023	23,083,000
2024	23,035,000
2025	22,939,000
2026 - 2039	124,930,000
	$236,249,000

Industry

The healthcare industry in general and the services that the Enterprise provides are subject to extensive federal and state laws and regulations. Additionally, a portion of the Enterprise's net revenue is from payments by government-sponsored healthcare programs, principally Medicaid, and is subject to audit and adjustments by applicable regulatory agencies. Failure to comply with any of these laws or regulations, the results of regulatory audits and adjustments, or changes in the amounts payable for the Enterprise's services under these programs, could have a material adverse effect on the Enterprise's financial position and results of operations.

Litigation
Although the Enterprise is party to certain claims and litigation, in the opinion of management, the final outcome of these are not reasonably expected to have a material adverse effect on their consolidated financial position or results of operations.

Professional Liability Insurance
By an agreement effective April 1, 1998 among CHOP and Children's Anesthesiology Associates, Ltd., Children's Health Care Associates, Inc., Children's Surgical Associates, Ltd., and Radiology Associates of Children's Hospital, Inc. (collectively, together with their New Jersey counterparts and their affiliates, the "Practice Plans"), and the Hospital's Departments of Pathology and Laboratory Medicine and Child and Adolescent Psychiatry (together with the Practice Plans, the "Departments"), CHOP and the Departments entered into a Joint Insurance Program (the "Joint Program"). Through June 30, 2001, the Joint Program was administered with the Departments participating with CHOP in its large deductible policies.

All claims with respect to occurrences beginning July 1, 2001 are insured through First Medical Insurance Company, a Risk Retention Group ("RRG"), domiciled in Vermont that was established by CHOP and certain of its tax-exempt affiliates, including the Practice Plans. Funding for indemnity, defense and other corporate expenses for the RRG are included in RRG accounts. The July 1, 2001 to July 1, 2002 policy period was novated from a large deductible commercial policy into the RRG effective July 2003.

CHOP includes the RRG's and other related investments, reserves, claim liabilities, and expenses for self-insured malpractice claims in the accompanying financial statements. Deposits to the RRG and other reserves are actuarially determined and represent estimates of funding necessary to cover the potential liability for professional malpractice claims and related legal fees and other expenses for CHOP and its affiliated health care provider entities and their covered physicians.

The estimate of the gross liability and corresponding receivable for unasserted claims arising from unreported incidents is based on analysis of historical claims data by an independent actuary, which is recorded utilizing a 3.0% to 4.5% discount rate at June 30, 2020 and June 30, 2019. Total liability under this program is approximately $239,958,000 and $215,976,000 included in other liabilities on the balance sheet, with a corresponding receivable included in other receivables of $24,218,000 and $21,763,000 at June 30, 2020 and 2019, respectively. CHOP also purchases catastrophic excess coverage.

CHOP and most of the physicians insured by the RRG are subject to Pennsylvania and/or New Jersey law requiring professional liability insurance. For policies written in 2002 and prior, the amount of required coverage pursuant to Pennsylvania law for physicians and nurse midwives was $1.2 million per incident/$3.6 million in the aggregate. For policies written subsequent to 2002, the required amount of coverage is $1 million per incident/$3 million in the aggregate.

The Medical Care Availability and Reduction of Error Fund ("MCARE")
The Medical Care Availability and Reduction of Error Fund ("MCARE Fund"), an agency fund of the Commonwealth of Pennsylvania, acts as a service agent to facilitate the payment of medical malpractice claims exceeding the primary layer of professional liability insurance carried by CHOP, and most of the physicians they insure. The MCARE Fund levies healthcare provider surcharges, as a percentage of joint underwriting association premiums for basic coverage, to pay claims and administrative expenses on behalf of MCARE Fund participants.

The actuarially computed liability to all health care providers (hospital, physicians and others) participating in the MCARE Fund at December 31, 2018 (the latest date for which such information is available) was $999 million. CHOP, the Practice Plans, and the employed/insured physicians paid surcharge assessments during fiscal 2020 and 2019 totaling $5,500,000 and $5,245,000, respectively. No provision has been made for any MCARE Fund unfunded liabilities in the accompanying financial statements as CHOP's portion of the MCARE Fund unfunded liability cannot be reasonably estimated.

Workers' Compensation
The Enterprise is self-insured for workers' compensation claims. At June 30, 2020 and 2019, the Enterprise has an estimate of $4,896,000 and $5,523,000 respectively, included in accounts payable and accrued expenses to reserve for potential losses and paid expenses under the program. The discount rate used is 3%.

Other Transactions
The Practice Plans utilize the payroll accounting infrastructure of The University of Pennsylvania (UPenn) for certain Practice Plan personnel. Amounts due to these entities include in accounts payable and accrued expenses are as follows at June 30:

	2020	2019
UPenn	$16,528,000	$40,816,000

10. Concentrations of Credit Risk

The Enterprise grants credit without collateral to their patients, most of whom reside in the Delaware Valley, and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors at June 30 is as follows:

	2020	2019
Managed care and commercial	57%	60%
Medical assistance, includes Medicaid managed care	36%	33%
Self-pay	2%	2%
Other	5%	5%
	100%	100%

11. Functional Expenses

The Enterprise provides general and specialty health care services to pediatric patients. Costs by function are directly charged based on discrete cost centers. Expenses related to providing these services as of June 30 are as follows:

June 30, 2020

	Health Care Services	Research Services	Fundraising	Education	General and Administrative	Total
Operating expenses:						
Salaries, wages and professional fees	$ 1,039,254,000	$ 168,740,000	$ 15,168,000	$17,588,000	$ 239,579,000	$ 1,480,329,000
Employee benefits	241,674,000	41,496,000	3,844,000	2,862,000	74,922,000	364,798,000
Supplies	313,795,000	32,139,000	525,000	210,000	41,737,000	388,406,000
Purchased services and other expenses	89,427,000	151,510,000	11,082,000	734,000	217,878,000	470,631,000
Depreciation	21,967,000	41,303,000	3,000	56,000	170,164,000	233,492,000
Interest and amortization	-	3,839,000	-	-	17,446,000	21,285,000
Total operating expense	$ 1,706,117,000	$ 439,027,000	$ 30,622,000	$ 21,450,000	$ 761,725,000	$ 2,958,941,000
Non-operating expenses:						
Interest expense	-	-	-	-	7,549,000	7,549,000
Sponsorship	-	-	-	-	355,000	355,000
Other components of net periodic benefit costs	-	-	-	-	3,452,000	3,452,000
Pension settlement	-	-	-	-	161,153,000	161,153,000
Total non-operating expenses	-	-	-	-	172,509,000	172,509,000
Total expenses	$ 1,706,117,000	$ 439,027,000	$ 30,622,000	$ 21,450,000	$ 934,234,000	$ 3,131,450,000

June 30, 2019

	Health Care Services	Research Services	Fundraising	Education	General and Administrative	Total
Operating Expenses:						
Salaries, wages and professional fees	$ 920,939,000	$ 236,855,000	$ 13,530,000		$ 276,220,000	$ 1,447,544,000
Employee benefits	201,571,000	55,643,000	3,706,000		84,738,000	345,658,000
Supplies	292,979,000	37,274,000	286,000		15,390,000	345,929,000
Purchased services and other expenses	93,788,000	150,630,000	10,683,000		202,964,000	458,065,000
Depreciation	30,958,000	45,829,000	3,000		147,127,000	223,917,000
Interest and amortization	-	5,314,000	-		24,306,000	29,620,000
	$ 1,540,235,000	$ 531,545,000	$ 28,208,000	$ -	$ 750,745,000	$ 2,850,733,000
Non-operating expenses:						
Interest expense	-	-	-	-	8,631,000	8,631,000
Sponsorship	-	-	-	-	202,000	202,000
Total non-operating expenses	-	-	-	-	8,833,000	8,833,000
Total expenses	$ 1,540,235,000	$ 531,545,000	$ 28,208,000	$ -	$ 759,578,000	$ 2,859,566,000

12. Liquidity and Availability of Resources

Financial assets available within one year of the balance sheet date for general expenditures such as operating expenses and construction costs not finance with debt are as follows:

	2020	2019
Cash	$ 715,362,000	$ 731,198,000
Assets limited as to use	188,193,000	420,100,000
Receivables from patient services	365,225,000	527,632,000
Investments (Level 1)	261,801,000	308,418,000
Other receivables	110,269,000	38,117,000
Due from third parties	16,265,000	33,509,000
	$1,657,115,000	$2,058,974,000

Current financial assets not available for general use because of contractual or donor-imposed restrictions were $63,002,000 and $64,159,000 at June 30, 2020 and 2019, respectively. Amounts not available for general use include amounts set aside for scheduled principal payments, self-insurance funds, and time and purpose restricted assets. The Company strategically manages financial assets to ensure adequate liquidity for general expenditures and other obligations as they come due. In addition, the Company invests cash in excess of daily requirements in short-term investments. The Company maintains line of credit facilities with several banks to provide additional liquidity should unanticipated needs arise. In determining the amount of liquidity in board-designated endowment funds, management excludes amounts held in investments that may contain provisions prohibiting their redemption within one year and other investments for which redemption within one year may not be practical.

13. Subsequent Events

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates has evaluated and concluded that subsequent events are properly reflected in The Enterprise financial statements and notes as required by standard for accounting disclosure of subsequent events as of September 29, 2020, the issuance date of the financial statements as of and for the year ended June 30, 2020.

Supplemental Consolidating Schedules

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Supplemental Consolidating Balance Sheet
June 30, 2020

(in thousands of dollars)

ASSETS	Obligated Group	Practice Groups	PGHDC	Total Eliminations	Total Consolidated
Current assets					
Cash and cash equivalents	$ 609,038,000	$106,163,000	$161,000	$ -	$ 715,362,000
Receivables for patient services	313,015,000	52,210,000	-	-	365,225,000
Current portion of pledges receivable	25,454,000	-	-	(2,406,000)	23,048,000
Due from third parties	16,265,000	-	-	-	16,265,000
Other receivables	155,542,000	73,021,000	196,000	(130,509,000)	98,250,000
Current portion of assets limited as to use	51,686,000	-	-	-	51,686,000
Supplies, drugs and prepaid expenses	58,998,000	65,000	11,000	-	59,074,000
Total current assets	1,229,998,000	231,459,000	368,000	(132,915,000)	1,328,910,000
Assets limited as to use					
Board designated	2,046,515,000	-	-	-	2,046,515,000
Restricted by donors	303,887,000	-	-	-	303,887,000
Trustee-held construction and debt service fund	23,464,000	-	107,000	-	23,571,000
Trustee-held for self-insurance and other	286,888,000	-	-	-	286,888,000
Noncurrent assets limited as to use	2,660,754,000	-	107,000	-	2,660,861,000
Investments	336,035,000	243,123,000	-	-	579,158,000
Land, buildings and equipment at cost, net	2,809,252,000	988,000	8,585,000	-	2,818,825,000
Pledges receivable, net	69,125,000	-	-	(3,100,000)	66,025,000
Long-term notes receivable	20,910,000	-	-	-	20,910,000
Other long-term assets and receivables	25,838,000	-	-	-	25,838,000
Total assets	$7,151,912,000	$475,570,000	$9,060,000	$(136,015,000)	$7,500,527,000
LIABILITIES AND NET ASSETS					
Current liabilities					
Current portion of long-term debt	$ 19,581,000	$ -	$ -	$ -	$ 19,581,000
Accounts payable and accrued expenses	529,964,000	97,534,000	206,000	(130,509,000)	497,195,000
Current portion of pledges payable	-	2,406,000	-	(2,406,000)	-
Total current liabilities	549,545,000	99,940,000	206,000	(132,915,000)	516,776,000
Long-term debt	848,116,000	-	-	-	848,116,000
Other liabilities	289,213,000	-	-	-	289,213,000
Accrued pension cost	10,839,000	-	-	-	10,839,000
Pledges payable, less current portion	-	3,100,000	-	(3,100,000)	-
Total liabilities	1,697,713,000	103,040,000	206,000	(136,015,000)	1,664,944,000
NET ASSETS					
Without donor restriction	4,871,415,000	372,530,000	8,854,000	34,698,000	5,287,497,000
With donor restriction	582,784,000	-	-	(34,698,000)	548,086,000
Total net assets	5,454,199,000	372,530,000	8,854,000	-	5,835,583,000
					-
Total liabilities and net assets	$7,151,912,000	$475,570,000	$9,060,000	$ (136,015,000)	$7,500,527,000

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Supplemental Consolidating Statement of Operations
Year Ended June 30, 2020

(in thousands of dollars)

	Obligated Group	Practice Groups	PGHDC	Total Eliminations	Total Consolidated
REVENUES AND OTHER SUPPORT					
Patient service revenue	$2,059,747,000	$473,254,000	-	-	$2,533,001,000
Contributions	9,399,000	2,201,000	-	-	11,600,000
Research revenue	276,823,000	22,994,000	-	(49,942,000)	249,875,000
Other operating revenue	197,859,000	22,905,000	604,000	(77,450,000)	143,918,000
CARES Act Funding	42,896,000	11,379,000	-	-	54,275,000
Total revenues and other support	2,586,724,000	532,733,000	604,000	(127,392,000)	2,992,669,000
EXPENSES					
Salaries, wages and professional fees	1,156,235,000	344,365,000	-	(20,271,000)	1,480,329,000
Employee benefits	293,126,000	78,076,000	-	(6,404,000)	364,798,000
Supplies	380,068,000	8,338,000	-	-	388,406,000
Purchased services and other expenses	462,287,000	59,293,000	256,000	(51,205,000)	470,631,000
Depreciation	232,727,000	260,000	505,000	-	233,492,000
Interest and amortization	21,285,000	-	-	-	21,285,000
Total expenses	2,545,728,000	490,332,000	761,000	(77,880,000)	2,958,941,000
Operating Income	40,996,000	42,401,000	(157,000)	(49,512,000)	33,728,000
Dividend and interest income, net	30,972,000	6,152,000	27,000	-	37,151,000
Earnings allocation	(46,734,000)	4,550,000	-	25,454,000	(16,730,000)
Realized gains on marketable securities	56,110,000	11,642,000	-	-	67,752,000
Change in unrealized gains on investments	(22,448,000)	(3,263,000)	-	-	(25,711,000)
Sponsorship	(219,000)	(17,246,000)	-	17,110,000	(355,000)
Change in fair value of derivatives	17,000	-	-	-	17,000
Gains/(Loss) on alternative investments	(57,558,000)	-	-	-	(57,558,000)
Gains on equity method investments	204,083,000	-	-	-	204,083,000
Other components of net periodic benefit costs	(3,706,000)	-	-	-	(3,706,000)
Pension settlement	(161,154,000)	-	-	-	(161,154,000)
Non-controlling interest	-	-	(376,000)	-	(376,000)
Excess of revenue over expenses	40,359,000	44,236,000	(506,000)	(6,948,000)	77,141,000
Pension related changes other than net periodic benefit cost	196,904,000	-	-	-	196,904,000
Change in fair value of derivatives	616,000	-	-	-	616,000
Net assets released from restrictions for capital	1,639,000	-	-	-	1,639,000
Transfer to/from affiliates	(6,737,000)	6,737,000	-	-	-
External funding for capital	2,725,000	-	-	-	2,725,000
Transfer from temporarily restricted net assets	(82,000)	-	-	-	(82,000)
Increase in net assets without donor restriction	$ 235,424,000	$ 50,973,000	$ (506,000)	$ (6,948,000)	$ 278,943,000

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Supplemental Consolidating Statement of Changes in Net Assets
Year Ended June 30, 2020

(in thousands of dollars)

	Obligated Group	Practice Groups	PGHDC	Total Eliminations	Total Consolidated
NET ASSETS WITHOUT DONOR RESTRICTION					
Excess of revenues over expenses	$40,359,000	$44,236,000	$(506,000)	$(6,948,000)	$77,141,000
Pension related changes other than net periodic benefit cost	196,904,000	-	-	-	196,904,000
Change in fair value of derivatives	616,000	-	-	-	616,000
Net assets released from restrictions for capital	1,639,000	-	-	-	1,639,000
Transfer to/from affiliates	(6,737,000)	6,737,000	-	-	-
External funding for capital	2,725,000	-	-	-	2,725,000
Transfer (to) / from net assets with donor restriction, net	(82,000)	-	-	-	(82,000)
Increase in net assets without donor restriction	235,424,000	50,973,000	(506,000)	(6,948,000)	278,943,000
NET ASSETS WITH DONOR RESTRICTION					
Contributions	92,521,000	-	-	(17,032,000)	75,489,000
Interest and dividend income	3,068,000	-	-	-	3,068,000
Realized gains on investments	5,549,000	-	-	-	5,549,000
Change in unrealized gains on investments	(6,872,000)	-	-	-	(6,872,000)
Net assets released from restrictions for operations	(65,316,000)	-	-	23,980,000	(41,336,000)
Net assets released from restrictions for capital	(1,639,000)	-	-	-	(1,639,000)
Adjustment to perpetual trusts	82,000	-	-	-	82,000
Transfer (to) / from net assets without donor restriction, net	82,000	-	-	-	82,000
Increase in net assets with donor restriction	27,475,000	-	-	6,948,000	34,423,000
Increase in Net Assets	262,899,000	50,973,000	(506,000)	-	313,366,000
NET ASSETS					
Beginning of Year	5,191,300,000	321,557,000	9,360,000	-	5,522,217,000
End of Period	$5,454,199,000	$372,530,000	$8,854,000	-	$5,835,583,000

Schedules of Expenditures of Federal and State Awards

The Children’s Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Federal Awards:					
Research and Development Cluster					
U.S. Department of Health and Human Services					
Center for Disease Control					
Pass Through:					
Injury Prevention and Control Research and State and Community Based Programs	93.136	Minnesota HealthSolutions Corp	R44CE002753	24,593	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	University of Pennsylvania	R49CE002474	(1,970)	-
Blood Disorder Program: Prevention, Surveillance, and Research	93.080	American Thrombosis&Hemophilia Inc	U27DO001155	397,168	286,963
Prevention of Disease, Disability, and Death by Infectious Diseases	93.084	University of Pennsylvania	U54CK000485	40,094	-
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	University of Pennsylvania	U48DP005053	20,864	-
Assessing Appropriate Antibiotic Use in Hospitals and Outpatient Settings Through Electronic Health Records	93.RD	University of Pennsylvania	93.200-2016-91793	24,776	-
Total Center for Disease Control and Prevention - Pass Through				505,525	286,963
Total Center for Disease Control				**505,525**	**286,963**
National Institutes of Health					
Direct Grants and Contracts:					
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353			6,036,870	3,347,061
Aging Research	93.866			1,376,253	205,986
Allergy, Immunology, and Transplantation Research	93.855			9,705,134	1,161,138
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846			4,075,547	569,526
Biomedical Research and Research Training	93.859			4,124,550	350,105
Blood Diseases and Resources Research	93.839			4,708,818	525,401
Cancer Biology Research	93.396			2,165,549	39,737
Cancer Cause and Prevention Research	93.393			1,333,348	416,015
Cancer Control	93.399			2,283,991	2,171,007
Cancer Detection and Prevention Research	93.394			486,392	344,211
Cancer Research Manpower	93.398			947,089	-
Cancer Treatment Research	93.395			35,698,278	28,877,587
Child Health and Human Development Extramural Research	93.865			9,783,426	1,320,453
Diabetes, Endocrinology, and Metabolism Research	93.847			12,332,872	1,948,947
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286			693,308	143,829
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			8,486,421	1,170,347
Heart and Vascular Diseases Research	93.837			15,396,804	4,314,374
Human Genome Research	93.172			1,615,446	145,093
Lung Diseases Research	93.838			4,053,977	1,026,129
Mental Health Research Grants	93.242			7,925,873	459,096
Mental and Behavioral Health Education and Training Grants	93.732			177,540	-
Minority Health and Health Disparities Research	93.307			670,100	110,579
National Center for Advancing Translational Sciences	93.350			747,997	420,826
National Institute on Disability, Independent Living, and Rehabilitation Research	93.433			4,450	-
National Center on Sleep Disorders Research	93.233			1,942,292	959,056
National Research Service Awards Health Services Research Training	93.225			566,896	396,864
Nursing Research	93.361			1,440,915	414,687
Oral Diseases and Disorders Research	93.121			169,524	-
Research Related to Deafness and Communication Disorders	93.173			184,913	-
Research and Training in Complementary and Integrative Health	93.213			242,419	17,992
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			743,875	279,519
Targeted Clinical Trials to Reduce the Risk of Antimicrobial Resistance	93.RD			924,220	306,778
Targeted Clinical Research to Address Select-Viral Infections	93.RD			960,448	795,303
Trans-NIH Research Support	93.310			983,506	279,055
Vision Research	93.867			2,381,787	1,287,326
Total National Institutes of Health - Direct				145,370,828	53,804,027

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Research and Development Cluster, continued:					
Pass Through:					
Child Health and Human Development Extramural Research	93.865	Albert Einstein College of Med	P01HD070454	699,151	195,739
Cardiovascular Diseases Research	93.837	American Academy of Pediatrics	R01HL128231	19,348	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	AmideBio LLC	R43DK111304	32,004	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Ann & Robert Lurie HospChicago	U34DK115355	28,597	-
Child Health and Human Development Extramural Research	93.865	Ann & Robert Lurie HospChicago	R21HD096402	16,360	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Avanti Biosciences	R43DK115229	14,667	-
Mental Health Research Grants	93.242	Boston University Medical Campus	R01MH104355	31,281	-
Human Genome Research	93.172	Brigham & Women's Hospital	U41HG006834	24,945	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Brigham & Women's Hospital	R01NS10007	81,482	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Brown University	R01AR071382	189,802	-
Cancer Treatment Research	93.395	Children's Hosp of Los Angeles	P01CA217959	358,997	-
Cancer Treatment Research	93.395	Children's Hosp of Los Angeles	R01CA181050	30,015	-
Human Genome Research	93.172	Children's Hospital Boston	R01HG010004	26,290	-
Mental Health Research Grants	93.242	Children's Hospital Boston	U01MH119690	302,047	-
National Center for Advancing Translational Sciences	93.350	Children's Hospital Boston	U01TR002623	90,367	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Children's Research Institute	R01HD089289	32,181	-
Child Health and Human Development Extramural Research	93.865	Children's Research Institute	R01HD093622	65,101	-
Child Health and Human Development Extramural Research	93.865	Children's Research Institute	R01HD094213	77,651	-
Child Health and Human Development Extramural Research	93.865	Children's Research Institute	R01HD099284	66,924	-
Child Health and Human Development Extramural Research	93.865	Children's Research Institute	U54HD061221	15,508	-
Cardiovascular Diseases Research	93.837	Cincinnati Ch Hosp Medical Ctr	U01HL131003	143,181	-
Lung Diseases Research	93.838	Cincinnati Ch Hosp Medical Ctr	U54HL127672	55,393	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Cincinnati Ch Hosp Medical Ctr	R01AR075857	7,129	-
Allergy and Infectious Diseases Research	93.855	Cincinnati Ch Hosp Medical Ctr	R01AI114552	12,654	-
Allergy and Infectious Diseases Research	93.855	Cincinnati Ch Hosp Medical Ctr	U54AI117804	75,004	-
Child Health and Human Development Extramural Research	93.865	Cincinnati Ch Hosp Medical Ctr	K12HD000850	328	525
Child Health and Human Development Extramural Research	93.865	Cincinnati Children's Hosp Med	R01HD076321	24,483	-
Cancer Treatment Research	93.395	City of Hope National Med Ctr	R01CA196854	36,000	36,000
Human Genome Research	93.172	Columbia University	R21HG010165	114,177	-
Research on Healthcare Costs, Quality and Outcomes	93.226	Columbia University	R01HS026493	24,673	-
Mental Health Research Grants	93.242	Columbia University	R01MH117807	72,827	-
Mental Health Research Grants	93.242	Columbia University	R01MH95797	14,713	-
Cancer Centers Support Grants	93.397	Columbia University	U54CA163004	101,854	-
Diabetes, Endocrinology, and Metabolism Research	93.847	Columbia University	R01DK119266	203,461	-
Biomedical Research and Research Training	93.859	Columbia University	R01GM120609	26,183	-
Strengthening the Public Health System in US-affiliated Pacific Islands (PPHF)	93.861	Columbia University	R01NR17206	146,876	-
Child Health and Human Development Extramural Research	93.865	Columbia University	R01HD086045	150,600	-
Medical Library Assistance	93.879	Columbia University	R01LM012895	354,782	-
Nursing Research	93.361	Dana-Farber Cancer Institute	R01NR016720	88,072	-
Cancer Detection and Prevention Research	93.394	Dana-Farber Cancer Institute	R01CA214912	55,351	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Dana-Farber Cancer Institute	R01NS091620	157,295	-
Trans-NIH Research Support	93.310	Drexel University	UG3OD023342	75,673	-
IPPEPP Trial	93.RD	Duke Clinical Res Institute	HHSN275201000003I	19,647	-
Food Safety Grants	93.103	Duke University	U18FD006298	16,053	-
Allergy, Immunology, and Transplantation Research	93.855	Duke University	R01AI139032	223,604	-
Allergy, Immunology, and Transplantation Research	93.855	Duke University	UM1AI104681	16,523	-
Child Health and Human Development Extramural Research	93.865	Duke University	R01HD081044	93,633	-
Child Health and Human Development Extramural Research	93.865	Dupont	R01HD091251	10,550	-
Mental Health Research Grants	93.242	Emory University	R34MH116805	66,988	-
Heart and Vascular Diseases Research	93.837	Etiometry Inc.	R44HL117340	58,824	-
Maternal and Child Health Federal Consolidated Programs	93.110	Feinstein Institute for Medical Research	H98MC31766	59,509	-
Mental Health Research Grants	93.242	Floreo Technology, LLC	R42MH115539	239,951	23,121
Child Health and Human Development Extramural Research	93.865	Florida State University	R01HD093055	31,971	-
Cancer Cause and Prevention Research	93.393	Fox Chase Cancer Center	R01CA138835	53,345	-

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The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Research and Development Cluster, continued					
Diabetes, Endocrinology, and Metabolism Research	93.847	Fox Chase Cancer Center	R01DK104176	165,235	-
Cancer Cause and Prevention Research	93.393	Fred Hutchinson Cancer Res Ctr	R01CA211996	16,412	-
Heart and Vascular Diseases Research	93.837	Functional Fluidics	R43HL145898	38,935	-
Mental Health Research Grants	93.242	Geisinger Clinic	R01MH107431	71,144	-
Diabetes, Endocrinology, and Metabolism Research	93.847	George Washington University	U01DK061230	281,423	-
Allergy, Immunology, and Transplantation Research	93.855	George Washington University	R01AI123433	34,391	-
Research Related to Deafness and Communication Disorders	93.173	Georgetown University	R01DC016902	5,746	-
Enhance Safety of Children Affected by Substance Abuse	93.087	Health Federation of Philadelphia	90CU0104	110,470	-
Mental Health Research Grants	93.242	Hektoen Institute for Medical Research	R01MH104106	187,955	-
Mental Health Research Grants	93.242	Hektoen Institute for Medical Research	R01MH114753	8,699	-
Lung Diseases Research	93.838	Henry Ford Health System	R01HL141845	28,938	-
Blood Diseases and Resources Research	93.839	IllExcor Therapeutics LLC	R43HL150961	4,968	-
Allergy, Immunology, and Transplantation Research	93.855	Immune Deficiency Foundation	U24AI086037	41,857	-
Cancer Centers Support Grants	93.397	Indiana Univ Indianapolis	U54CA196519	57,658	-
Child Health and Human Development Extramural Research	93.865	Innovation Design Labs	R43HD098958	20,448	-
Food Safety Grants	93.103	Institute for Advanced Clinical Trials for Childre	U18FD006297	60,112	-
Blood Diseases and Resources Research	93.839	Invenux, LLC	R43HL139173	31,733	-
Environmental Health	93.113	Johns Hopkins University	R01ES026961	25,561	-
Research on Healthcare Costs, Quality and Outcomes	93.226	Johns Hopkins University	R18HS025642	86,991	-
Mental Health Research Grants	93.242	Johns Hopkins University	R01MH113215	22,082	-
Drug Abuse and Addiction Research Program	93.279	Johns Hopkins University	R01DA043089	440,521	-
Lung Diseases Research	93.838	Johns Hopkins University	U01HL126088	242,112	-
Diabetes, Endocrinology, and Metabolism Research	93.847	Johns Hopkins University	R01DK115648	192,897	-
Allergy, Immunology, and Transplantation Research	93.855	Johns Hopkins University	UM1AI068632	49,574	-
Allergy, Immunology, and Transplantation Research	93.855	Johns Hopkins University	UM2AI130836	197,984	-
Child Health and Human Development Extramural Research	93.865	Johns Hopkins University	R01HD097692	36,341	-
Blood Diseases and Resources Research	93.839	KaloCyte, Inc.	R42HL135965	4,799	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Kennedy Kreiger Institute	K12NS098428	148,273	-
Develop Recombinant AV Vectors	93.RD	Leidos Biomedical	HHSN261200800001E	8,182	1,838
Trans-NIH Research Support	93.310	Massachusetts General Hospital	UG3OD023253	215,023	-
Cancer Cause and Prevention Research	93.393	Massachusetts General Hospital	R01CA245145	10,108	-
Blood Diseases and Resources Research	93.839	Massachusetts General Hospital	R01HL141366	23,301	-
Allergy, Immunology, and Transplantation Research	93.855	Massachusetts General Hospital	R01AI127597	17,870	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Mayo Clinic	U54NS115198	45,227	-
Cancer Treatment Research	93.395	Medical College of Wisconsin	U24CA76518	10,545	-
Blood Diseases and Resources Research	93.839	Medical College of Wisconsin	U01HL143477	52,718	-
Child Health and Human Development Extramural Research	93.865	Medical College of Wisconsin	R01HD091302	51,548	-
Food Safety Grants	93.103	Medical Device Innovation Consortium	U01FD006292	25,873	-
National Center for Advancing Translational Sciences	93.350	Medical University of South Carolina	U01TR002626	124,773	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Memorial Sloan-Kettering	U24CA220457	148,426	-
Child Health and Human Development Extramural Research	93.865	Minnesota Health Solutions	R34HD097762	48,660	-
Child Health and Human Development Extramural Research	93.865	Minnesota Health Solutions	R44HD085660	85,092	-
Child Health and Human Development Extramural Research	93.865	Minnesota Health Solutions	R44HD100278	21,551	-
Research Related to Deafness and Communication Disorders	93.173	Monell Chemical Senses Center	R01DC011287	204,722	-
Child Health and Human Development Extramural Research	93.865	Monell Chemical Senses Center	R03HD094908	3,927	-
Diabetes, Endocrinology, and Metabolism Research	93.847	Mount Sinai School of Med	U01DK119200	28,695	-
Minority Health and Health Disparities Research	93.307	Nationwide Children's Hospital	R21MD011767	9,691	-
Heart and Vascular Diseases Research	93.837	Nationwide Children's Hospital	U34HL144360	2,330	-
Lung Diseases Research	93.838	Nationwide Children's Hospital	R03HL140272	4,628	-
Child Health and Human Development Extramural Research	93.865	Nationwide Children's Hospital	R01HD091347	6,741	-
Child Health and Human Development Extramural Research	93.865	Nationwide Children's Hospital	R01HD095976	124,005	-
Child Health and Human Development Extramural Research	93.865	Nemours Biomedical Research	R01HD092847	17,036	-
Heart and Vascular Diseases Research	93.837	New England Research Institute	U24HL135691	46,699	-
Pumps for Kids, Infants and Neonates (Pumpkin) Clinical Trial	93.RD	New England Research Institute	HHSN268201200001I	26,641	-
Mental Health Research Grants	93.242	New York University School of Medicine	R01MH119114	29,026	-

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The Children’s Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Research and Development Cluster, continued:					
Cancer Treatment Research	93.395	New York University School of Medicine	R01CA140729	35,750	-
Trans-NIH Research Support	93.310	Northwestern University	U24OD023319	98,481	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Northwestern University	R01NS096746	66,906	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Northwestern University	U54NS108874	313,248	-
Child Health and Human Development Extramural Research	93.865	Northwestern University	R01HD087363	129,523	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Oculogica	R41NS103698	7,816	-
Blood Diseases and Resources Research	93.839	Ohio State University Res Fdn	R01HL136652	84,498	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	Old Dominion Univ Res Fdn	R15CA115464	15,337	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	OncoSynergy, Inc	R41NS115249	27,781	-
Child Health and Human Development Extramural Research	93.865	Orlando Health	R01NS057676	92,017	-
Diabetes, Endocrinology, and Metabolism Research	93.847	Pennsylvania State University	R24DK106766	77,821	-
Allergy, Immunology, and Transplantation Research	93.855	Pennsylvania State University	R21AI140443	25,560	-
Child Health and Human Development Extramural Research	93.865	Princeton University	R03HD092694	3,667	-
Child Health and Human Development Extramural Research	93.865	Radiant Creative Group, LLC	R42HD087021	142,956	61,933
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353	Regents of the UCLA	U01CA233074	345,409	-
Cancer Treatment Research	93.395	Regents of the UCLA	R01CA222695	66,507	-
Cancer Biology Research	93.396	Regents of the UCLA	R01CA220238	186,122	-
Child Health and Human Development Extramural Research	93.865	Regents of University of Colorado Denver	R24HD98415	33,242	-
Oral Diseases and Disorders Research	93.121	Seattle Children's Hospital	U01DE025862	14,071	-
Heart and Vascular Diseases Research	93.837	Seattle Children's Hospital	R01HL134321	24,632	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Seattle Children's Hospital	R01NS101029	53,400	-
Child Health and Human Development Extramural Research	93.865	Seattle Children's Hospital	R01HD084547	18,115	-
Cancer Detection and Prevention Research	93.394	St Jude Medical Center	R01CA193478	11,646	-
Biomedical Research and Research Training	93.859	St Jude Medical Center	P50GM115279	40,146	-
Child Health and Human Development Extramural Research	93.865	Stanford University	R01HD84819	121,289	-
Alcohol Research Programs	93.273	SUNY Downstate Medical Center	U10AA008401	111,930	-
Diabetes, Endocrinology, and Metabolism Research	93.847	SUNY Downstate Medical Center	R01DK110456	(1,540)	-
Heart and Vascular Diseases Research	93.837	Temple University	R01HL092910	40,080	-
Blood Diseases and Resources Research	93.839	Temple University	R01HL118526	58,409	-
Diabetes, Endocrinology, and Metabolism Research	93.847	Temple University	R01DK121159	14,246	-
Pathology Studies	93.RD	The Emmes Corporation	HHSN26320170001	268,495	-
Drug Abuse and Addiction Research Program	93.279	Thomas Jefferson University	R01DA029076	3,686	-
Diabetes, Endocrinology, and Metabolism Research	93.847	Thomas Jefferson University	R01DK118964	139,046	-
Allergy, Immunology, and Transplantation Research	93.855	Thomas Jefferson University	R01AI123538	6,753	-
Biomedical Research and Research Training	93.859	Thomas Jefferson University	T32GM008562	104,185	-
Diabetes, Endocrinology, and Metabolism Research	93.847	Transonic Systems, Inc.	R44HL136008	78,621	-
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	Tulane University	R01AR069055	10,700	-
Child Health and Human Development Extramural Research	93.865	Univ of Alabama at Birmingham	U54HD061222	16,459	-
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	Univ of Maryland, Baltimore	R01AR072713	145,629	-
Diabetes, Endocrinology, and Metabolism Research	93.847	Univ of Virginia Health System	R01DK122586	197,199	-
Blood Diseases and Resources Research	93.839	Univ Texas Huston Hth Sci Ctr	R01HL139553	30,041	-
Child Health and Human Development Extramural Research	93.865	Univ Texas Huston Hth Sci Ctr	R21HD097347	20,574	-
Mental Health Research Grants	93.242	University of California	R01MH109166	138,814	-
Nursing Research	93.361	University of California	R01CA202261	130,060	-
Heart and Vascular Diseases Research	93.837	University of California	R01HL146141	217,685	-
Heart and Vascular Diseases Research	93.837	University of California	R34HL135214	1,403	-
Diabetes, Endocrinology, and Metabolism Research	93.847	University of California	R01DK120886	39,656	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of California	R01NS090390	1,103	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of California	R01NS104322	6,934	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of California	U01NS092764	36,523	-
Allergy, Immunology, and Transplantation Research	93.855	University of California	U54AI082973	28,836	-
Allergy, Immunology, and Transplantation Research	93.855	University of California	UM1AI1068636	6,030	-
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353	University of Colorado Denver	U01CA232486	259,082	-
Heart and Vascular Diseases Research	93.837	University of Colorado Denver	R01HL141278	115,201	-
Allergy, Immunology, and Transplantation Research	93.855	University of Colorado Denver	R21AI139839	19,546	-

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The Children’s Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Research and Development Cluster, continued:					
Child Health and Human Development Extramural Research	93.865	University of Colorado Denver	K23HD083359	11,150	-
Food Safety Grants	93.103	University of Florida	R01FD005407	7,029	-
Research on Healthcare Costs, Quality and Outcomes	93.226	University of Florida	U18HS025298	108,340	-
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	University of Florida	R01AR056973	114,065	-
Alcohol Research Programs	93.273	University of Iowa	R01AA024486	38,694	-
Blood Diseases and Resources Research	93.839	University of Iowa	UG3HL143204	129,680	-
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	University of Maryland	R01AR056837	108,827	-
Research on Healthcare Costs, Quality and Outcomes	93.226	University of Michigan	R01HS024953	13,094	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	University of Michigan	R01EB023294	145,072	-
Nursing Research	93.361	University of Michigan	R21NR016802	6,795	-
Lung Diseases Research	93.838	University of Michigan	R01HL147261	9,454	-
Lung Diseases Research	93.838	University of Michigan	R01HL149910	4,396	-
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	University of Michigan	R01AR074079	36,450	-
Mental Health Research Grants	93.242	University of Minnesota	R01MH116961	16,733	-
Allergy, Immunology, and Transplantation Research	93.855	University of Minnesota	R21AI139790	13,442	-
Child Health and Human Development Extramural Research	93.865	University of North Carolina	R01HD055741	308,935	-
Child Health and Human Development Extramural Research	93.865	University of North Carolina	U19HD089881	456,768	-
Child Health and Human Development Extramural Research	93.865	University of North Carolina	U24HD089880	92,506	-
Child Health and Human Development Extramural Research	93.865	University of Oklahoma	R01HD074579	19,689	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	University of Pennsylvania	2014-CK-BX-0008	34,404	-
Oral Diseases and Disorders Research	93.121	University of Pennsylvania	R01DE024749	(969)	-
Human Genome Research	93.172	University of Pennsylvania	R01HG010067	140,550	-
National Center on Sleep Disorders Research	93.233	University of Pennsylvania	R25HL120874	10,797	-
Mental Health Research Grants	93.242	University of Pennsylvania	P50MH113840	32,926	-
Mental Health Research Grants	93.242	University of Pennsylvania	R01MH098742	381,009	-
Mental Health Research Grants	93.242	University of Pennsylvania	R01MH117807	98,375	-
Mental Health Research Grants	93.242	University of Pennsylvania	R01MH119185	10,458	-
Mental Health Research Grants	93.242	University of Pennsylvania	R01MH119219	19,736	-
Mental Health Research Grants	93.242	University of Pennsylvania	R21MH120739	19,735	-
Mental Health Research Grants	93.242	University of Pennsylvania	U01MH107276	184,134	-
Drug Abuse and Addiction Research Program	93.279	University of Pennsylvania	R01DA049514	14,292	-
Minority Health and Health Disparities Research	93.307	University of Pennsylvania	R01MD011518	20,849	-
Minority Health and Health Disparities Research	93.307	University of Pennsylvania	R01MD011679	345,783	-
Research Infrastructure Programs	93.351	University of Pennsylvania	P40OD010939	41,251	-
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353	University of Pennsylvania	P01CA214278	492,800	-
Nursing Research	93.361	University of Pennsylvania	R01NR015639	32,915	-
National Center for Advancing Translational Sciences	93.350	University of Pennsylvania	KL2TR001879	505,320	-
National Center for Advancing Translational Sciences	93.350	University of Pennsylvania	UL1TR001878	2,451,827	13,734
Cancer Cause and Prevention Research	93.393	University of Pennsylvania	R01CA196131	6,680	-
Cancer Cause and Prevention Research	93.393	University of Pennsylvania	R01CA206058	11,322	-
Cancer Cause and Prevention Research	93.393	University of Pennsylvania	R01CA215518	9,255	-
Cancer Treatment Research	93.395	University of Pennsylvania	R01CA219006	161,965	-
Cancer Treatment Research	93.395	University of Pennsylvania	R01CA219871	91,532	-
Cancer Centers Support Grants	93.397	University of Pennsylvania	P30CA016520	157,156	-
Cancer Centers Support Grants	93.397	University of Pennsylvania	P30CA16520	156,088	-
Cancer Research Manpower	93.398	University of Pennsylvania	K12CA076931	108,247	-
Cancer Research Manpower	93.399	University of Pennsylvania	R01CA226888	27,334	-
Cardiovascular Diseases Research	93.837	University of Pennsylvania	R01HL073021	14,895	-
Cardiovascular Diseases Research	93.837	University of Pennsylvania	R01HL135090	7,073	-
Cardiovascular Diseases Research	93.837	University of Pennsylvania	U01HL129998	137,655	-
Lung Diseases Research	93.838	University of Pennsylvania	K23HL146970	24,384	-
Lung Diseases Research	93.838	University of Pennsylvania	R01HL143364	61,741	-
Lung Diseases Research	93.838	University of Pennsylvania	UG3HL141736	68,496	-
Blood Diseases and Resources Research	93.839	University of Pennsylvania	P01HL120846	16,246	-
Blood Diseases and Resources Research	93.839	University of Pennsylvania	R01HL091724	40,672	-

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The Children’s Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Research and Development Cluster, continued:					
Blood Diseases and Resources Research	93.839	University of Pennsylvania	R01HL142122	95,864	-
Blood Diseases and Resources Research	93.839	University of Pennsylvania	R01HL142976	127,315	-
Blood Diseases and Resources Research	93.839	University of Pennsylvania	U24HD095254	11,172	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	University of Pennsylvania	P30AR069619	18,122	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	University of Pennsylvania	R01AR066098	9,854	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	University of Pennsylvania	R01AR066741	(1,938)	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	University of Pennsylvania	R01AR069062	4,513	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	University of Pennsylvania	R01AR070873	209,427	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	University of Pennsylvania	R01AR071975	12,724	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	University of Pennsylvania	R01AR075418	64,872	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	University of Pennsylvania	R01AR076392	4,055	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	P30DK019525	52,854	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	R01DK070869	22,979	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	R01DK106243	18,243	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	R01DK114054	131,257	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	R01DK117488	46,438	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	R21DK117297	42,684	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	U01DK100846	1,299	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	U01DK106892	44,667	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	UC4DK104196	(3,844)	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	UG3DK122644	109,298	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Pennsylvania	R01NS094705	6,832	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Pennsylvania	R01NS097549	456,744	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Pennsylvania	R01NS099348	35,049	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Pennsylvania	R01NS100949	48,069	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Pennsylvania	R01NS102731	170,450	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Pennsylvania	R25NS065745	(815)	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Pennsylvania	U24NS107199	24,221	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	P30AI045008	99,134	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	R01AI113047	91	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	R01AI1139123	52,728	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	R01AI123539	414,066	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	R01AI130115	143,801	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	R01AI137062	35,302	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	R21AI133261	(3)	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	R21AI138564	24,742	-
Allergy and Infectious Diseases Research	93.855	University of Pennsylvania	UM1AI068619	13,824	-
Biomedical Research and Research Training	93.859	University of Pennsylvania	K12GM081259	22,330	-
Biomedical Research and Research Training	93.859	University of Pennsylvania	R01GM049758	17,774	-
Biomedical Research and Research Training	93.859	University of Pennsylvania	R01GM123019	195,903	-
Biomedical Research and Research Training	93.859	University of Pennsylvania	R01GM124111	102,225	10,000
Child Health and Human Development Extramural Research	93.865	University of Pennsylvania	K12HD085848	162,721	-
Child Health and Human Development Extramural Research	93.865	University of Pennsylvania	R01HD089390	40,808	-
Child Health and Human Development Extramural Research	93.865	University of Pennsylvania	R01HD097686	62,585	-
Child Health and Human Development Extramural Research	93.865	University of Pennsylvania	R21HD088941	7,558	-
Child Health and Human Development Extramural Research	93.865	University of Pennsylvania	R21HD091330	17,239	-
Child Health and Human Development Extramural Research	93.865	University of Pennsylvania	R21HD093369	(11,680)	-
Child Health and Human Development Extramural Research	93.865	University of Pennsylvania	U01HD087180	3,272	-
Child Health and Human Development Extramural Research	93.865	University of Pennsylvania	U10HD068244	223,797	-
Aging Research	93.866	University of Pennsylvania	R56AG062665	27,080	-
Aging Research	93.866	University of Pennsylvania	R56AG063344	21,748	-
Aging Research	93.866	University of Pennsylvania	U01AG032984	17,248	-
Vision Research	93.867	University of Pennsylvania	R21EY029776	99,817	-
Evidence-Based Practice Centers (EPC) VI	93.RD	University of Pennsylvania	93.HHSA290201500005I	46,132	-
NIH Pain Consortium Centers of Excellences in Pain Education	93.RD	University of Pennsylvania	93.HHSN271201500067C	6,031	-

The Children’s Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Research and Development Cluster, continued:					
National Center on Sleep Disorders Research	93.233	University of Pennsylvania- Dept of Genetics	R01HL143790	470,437	-
Mental Health Research Grants	93.242	University of Pennsylvania- Dept of Psychiatry	P30MH09748803	156,387	-
Mental Health Research Grants	93.242	University of Pittsburgh	P50MH115838	5,431	-
Mental Health Research Grants	93.242	University of Pittsburgh	R01MH100155	24,438	-
Nursing Research	93.361	University of Pittsburgh	R01NR014831	6,975	-
Cardiovascular Diseases Research	93.837	University of Pittsburgh	R01HL128818	49,478	-
Cardiovascular Diseases Research	93.847	University of Pittsburgh	R01DK109365	37,484	-
Cardiovascular Diseases Research	93.847	University of Pittsburgh	R01DK122798	26,865	-
Biomedical Research and Research Training	93.859	University of Pittsburgh	R01GM110424	8,766	-
Mental Health Research Grants	93.242	University of Richmond	R15MH117628	33,801	-
Research Infrastructure Programs	93.351	University of South Alabama	R01OD010944	158,919	-
Cancer Detection and Diagnosis Research	93.394	University of Southern California	R01CA197903	98,673	-
Biomedical Research and Research Training	93.859	University of Southern California	R01GM124532	41,627	-
Trans-NIH Research Support	93.310	University of Toledo	1OT20D023859	(15,806)	-
Child Health and Human Development Extramural Research	93.865	University of Utah, The	U01HD049934	5,581	-
Nursing Research	93.361	University of Washington	R21NR017471	132	-
Child Health and Human Development Extramural Research	93.865	University of Washington	R01HD088125	165,572	-
Lung Diseases Research	93.838	UPenn Cardiovascular Institute	U01HL148857	20,285	-
Cancer Cause and Prevention Research	93.393	Vanderbilt University	R01CA225005	37,020	-
Allergy, Immunology, and Transplantation Research	93.855	Vanderbilt University	U01AU125135	(4,291)	-
Allergy, Immunology, and Transplantation Research	93.855	Vanderbilt University	UM1AI148452	5,073	-
Child Health and Human Development Extramural Research	93.865	Vanderbilt University	R21HD097992	1,713	-
Blood Diseases and Resources Research	93.839	Vascular Vision Pharmaceutical Company	R41HL147737	10,324	-
Blood Diseases and Resources Research	93.839	Villanova University	R15HL133880	35,695	-
Minority Health and Health Disparities Research	93.307	Virginia Commonwealth University	R01MD009124	33,673	-
Mental Health Research Grants	93.242	Washington Univ in St. Louis	R01MH118362	134,458	-
Cancer Detection and Prevention Research	93.394	Washington Univ in St. Louis	R01CA211711	46,189	-
Allergy, Immunology, and Transplantation Research	93.855	Washington Univ in St. Louis	U01AI077810	4,707	-
Mental Health Research Grants	93.242	Wayne State University	R01MH108442	459	-
Child Health and Human Development Extramural Research	93.865	Wayne State University	R01HD085233	616	-
Child Health and Human Development Extramural Research	93.865	Wayne State University	U19HD089875	202,232	-
Allergy, Immunology, and Transplantation Research	93.855	Wistar Institute, The	R01CA100062	2,864	-
Child Health and Human Development Extramural Research	93.865	Yale University	R21HD089131	716	-
Heart and Vascular Diseases Research	93.837	Four Points Technology, LLC	OT2OD027852	532,031	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Massachusetts	R21NS107924	75,429	-
Total National Institutes of Health - Pass Through				26,922,331	342,890
Total National Institutes of Health				**172,293,159**	**54,146,917**
Food and Drug Administration					
Direct Grants and Contracts;					
Food and Drug Administration-Research	93.103			1,631,235	789,268
Total Food and Drug Administration - Direct				1,631,235	789,268
Total Food and Drug Administration				**1,631,235**	**789,268**
Health Resources and Services Administration					
Direct Grants and Contracts:					
Maternal and Child Health Federal Consolidated Programs	93.110			2,530,409	666,739
Emergency Medical Services for Children	93.127			76,654	20,138
Total Health Resource and Services Administration - Direct				2,607,063	686,877

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Pass Through:					
Maternal and Child Health Federal Consolidated Programs	93.110	American Academy of Pediatrics	UA6MC15585	10,229	-
Sickle Cell Treatment Demonstration Program	93.365	Johns Hopkins University	U1EMC27864	40,821	-
Maternal and Child Health Federal Consolidated Programs	93.110	Massachusetts General Hospital	UA3MC11054	28,113	-
Maternal and Child Health Federal Consolidated Programs	93.110	Regents of the UCLA	UA6MC32492	13,745	-
Sickle Cell Treatment Demonstration Program	93.365	University of Pittsburgh	R01HD095894	20,342	-
Total Health Resource and Services Administration - Pass Through				113,250	-
Total Health Resources and Services Administration				**2,720,313**	**686,877**
Agency for Healthcare Research & Quality					
Direct Grants and Contracts:					
Research on Healthcare Costs, Quality, and Outcomes	93.226			1,277,508	145,229
Total Agency for Healthcare Research and Quality - Direct				1,277,508	145,229
Total Agency for Healthcare Research & Quality				**1,277,508**	**145,229**
Total U.S. Department of Health and Human Services				**178,427,740**	**56,055,254**
U.S. Department of Defense					
Department of Army, Army Research and Material Command					
Direct Grants and Contracts:					
Military Medical Research and Development	12.420			2,287,647	-
Basic Scientific Research	12.431			78,105	5,951
Total United States Department of Army - Direct				2,365,752	5,951
Pass Through:					
Military Medical Research and Development	12.420	Advanced Technology International - ATI	W81XWH-15-9-0001	66,600	-
Military Medical Research and Development	12.420	Children's Hospital Boston	W81XWH-17-1-0532	67,965	-
Military Medical Research and Development	12.420	Mind Research Network	W81XWH-17-2-005	2,767	-
Military Medical Research and Development	12.420	New York Univ School of Med	W81XWH-16-0598	19,676	-
Military Medical Research and Development	12.420	Univ of Alabama at Birmingham	W81XWH17-0037	89,703	-
Military Medical Research and Development	12.420	University of Michigan	W81XWHBAA141	150,680	88,619
Military Medical Research and Development	12.420	Washington Univ in St. Louis	W81XWH170668	(694)	-
Total United States Department of Army - Pass Through				396,697	88,619
Total Department of Army, Army Research and Material Command				**2,762,449**	**94,570**
National Aeronautics and Space Administration					
Direct Grants and Contracts:					
Total National Aeronautics and Space Administration	43.003			695,104	-
Total National Aeronautics and Space Administration - Direct				695,104	-
Pass Through:					
Science	43.003	Baylor University	NNX16A069A	74,373	-
Total National Aeronautics and Space Administration - Pass Through				74,373	-
Total National Aeronautics and Space Administration				**769,477**	-
Total U.S. Department of Defense				**3,531,926**	**94,570**

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Environmental Protection Agency					
Office of Air and Radiation					
Direct Grants and Contracts:					
Srvys, Studis, Investgtns,Demos/Spec Purps Activ-Cln Air Act	66.034			23,953	-
Total United States Department of Army - Direct				23,953	-
Total Environmental Protection Agency				**23,953**	-
National Science Foundation					
Direct Grants and Contracts:					
Engineering Grants	47.041			247,628	-
Computer and Information Science and Engineering	47.070			2,782	-
Social, Behavioral, and Economic Sciences	47.075			120,670	-
Total National Science Foundation - Direct				371,080	-
Pass Through:					
Engineering	47.041	Be More, Inc.	1843286	(32,112)	-
Computer and Information Science and Engineering	47.070	George Mason University	1653624	19,322	-
Computer and Information Science and Engineering	47.070	Drexel University	1741306	42,877	-
Social, Behavioral, and Economic Sciences	47.075	University of Pennsylvania	1917608	3,536	-
Total National Science Foundation - Pass Through				33,623	-
Total National Science Foundation				**404,703**	-
United States Department of Education					
Direct Grants and Contracts:					
Education Research, Development and Dissemination	84.305			1,068,682	124,446
Total United States Department of Education-Direct				1,068,682	124,446
Pass Through:					
Education Research, Development and Dissemination	84.305	University of Pennsylvania	R305A160109	6,827	-
Total United States Department of Education-Pass Through				6,827	-
Total United States Department of Education				**1,075,509**	**124,446**
Total Federal Financial Assistance Research and Development Cluster				**183,463,831**	**56,274,270**
Head Start Cluster					
U.S. Department of Health and Human Services					
Administration for Children and Families					
Direct Grants and Contracts:					
Head Start	93.600			1,878,554	112,556
Total Administration for Children and Families - Direct				1,878,554	112,556
Total Administration for Children and Families				**1,878,554**	**112,556**
Total U.S. Department of Health and Human Services				**1,878,554**	**112,556**
Total Federal Financial Assistance Head Start Cluster				**1,878,554**	**112,556**

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures (S)	Amount Provided To Subrecipients (S)
Highway Safety Cluster					
U.S. Department of Transportation					
Pass Through:					
Highway Research and Development Program	20.600	Ohio Department of Public Safety	69A37519300004020OH0	547,002	-
Total US Department of Transportation - Pass Through				547,002	-
Total US Department of Transportation				**547,002**	-
Total Federal Financial Assistance Highway Safety Cluster				**547,002**	-
477 Cluster					
U.S. Department of Health and Human Services					
National Institutes of Health					
Pass Through:					
Cancer Research Manpower	93.558	Philadelphia Works, Inc.	090-016-336-1	280,936	-
Total National Institute of Health-Pass Through				280,936	-
Total National Institutes of Health				**280,936**	-
Total U.S. Department of Health and Human Services				**280,936**	-
Total Federal Financial Assistance 477 Cluster				**280,936**	-
Other Federal Awards					
U.S. Department of Health and Human Services					
Center for Disease Control and Prevention					
Pass Through:					
Minnesota Refugee Health Program	93.283	Minnesota Refugee Health Pgm	U50CK000459	42,261	-
Environmental Public Health and Emergency Response	93.070	PA Department of Health:Environmental Public I	SAP #4100078068	25,261	-
Preventive Health and Health Services Block Grant	93.758	PA Department of Health:Preventive Health and	SAP #4100078068	115,077	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Philadelphia Department of Health- Epidemiolog	1820333-01	22,957	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Philadelphia Department of Health- Epidemiolog	1820333-02	74,185	-
Subtotal CFDA 93.323				279,741	-
Total Center for Disease Control and Prevention - Pass Through				279,741	-
Total Center for Disease Control and Prevention				**279,741**	-
Health Resource and Service Administration					
Direct Grants and Contracts:					
Poison Control Stabilization and Enhancement Grants	93.253			537,906	-
Total Health Resource and Services Administration - Direct				537,906	-
Pass Through:					
Children's Rehabilitation Clinic Services	93.994	Pennsylvania Department of Health	SAP#4100078301	93,554	-
Community Education - Spina Bifida	93.994	Pennsylvania Department of Health	SAP#4100078279	23,885	-
Sickle Cell Contract	93.994	Pennsylvania Department of Health	SAP #4100079945	234,845	74,532
Circle of Care Ryan White Title IV	93.994	Pennsylvania Family Planning Council	194403	47,825	-
Circle of Care Ryan White Title IV	93.994	Pennsylvania Family Planning Council	204403	111,852	-
Special Child Health Child Evaluation Centers FUNDING #46.02009	93.994	NJ Department of Health	NJDHSS #DFHS19EVL007	48,079	-
Subtotal CFDA 93.994				560,040	74,532

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
Health Resource and Service Administration, continued:					
AIDS Activity Coordination Office Ambulatory Outpatient Medical Care	93.914	City of Philadelphia	RM9810	103,286	-
AIDS Activity Coordination Office Ambulatory Outpatient Medical Care	93.914	City of Philadelphia	RM0810	24,059	-
AIDS Activity Coordination Office-Ryan White Title I	93.914	City of Philadelphia	RW9650	100,235	-
AIDS Activity Coordination Office-Ryan White Title I	93.914	City of Philadelphia	RW0650	41,261	-
AIDS Activity Coordination Office-Ryan White Title I	93.914	City of Philadelphia	RM9995	119,087	-
AIDS Activity Coordination Office-Ryan White Title I	93.914	City of Philadelphia	RW0995	57,180	-
AIDS Activity Coordination Office-Ryan White Title I	93.914	City of Philadelphia	RM9809	120,012	-
AIDS Activity Coordination Office-Ryan White Title I	93.914	City of Philadelphia	RM0809	35,605	-
Subtotal CFDA 93.914				600,725	-
AIDS Activity Coordination Office-CDC-HIV Prevention:CDR/YSC	93.940	City of Philadelphia	CP 9012	58,073	-
AIDS Activity Coordination Office-CDC-HIV Prevention:CDR/YSC	93.940	City of Philadelphia	CP 0012	23,374	-
AIDS Activity Coordination Office-CDC-HIV Prevention: Category A	93.940	City of Philadelphia	ST0481	65,000	-
Subtotal CFDA 93.940				146,447	-
Access Matters-Ryan White Pt D: Coordinated Care and Access	93.153	City of Philadelphia	194404	8,872	-
Access Matters-Ryan White Pt D: Coordinated Care and Access	93.153	City of Philadelphia	204404	88,908	-
Subtotal CFDA 93.153				97,780	-
Emergency Medical Services for Children	93.127	University of California	U03MC0001	109,393	-
City of Philadelphia Department of Public Health-Ryan White Title III	93.917	City of Philadelphia	UAC-DCBPS	64,700	-
Grants to Provide Outpatient Early Intervention Srv to HIV Diseases	93.918	City of Philadelphia	1820007-02	74,954	-
Special Projects of National Significance	93.928	Philadelphia Fight	H97HA288940100	57,537	-
Total Health Resources and Services Administration-Pass-Through				1,711,576	74,532
Total Health Resource and Services Administration				**2,249,482**	**74,532**
Office of Population Affairs					
Pass Through:					
Delegated Agency Contract	93.217	Pennsylvania Family Planning Council	204401	263,432	-
West Philadelphia High	93.217	Pennsylvania Family Planning Council	203001	70,485	-
Total Office of Population Affairs - Pass Through				333,917	-
Total Office of Population Affairs				**333,917**	-
Office of the Secretary					
Pass Through:					
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	Pennsylvania Department of Health	SAP# 41000070380	193,214	-
Teenage Pregnancy Prevention Program	93.297	Texas A&M University	TP2AH0000460100	1,293	-
Total Office of the Secretary - Pass Through				194,507	-
Total Office of the Secretary				**194,507**	-
Total U.S. Department of Health and Human Services				**3,057,647**	**74,532**

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Grantor Agency and Department	CFDA Number	Pass-Through Entity	Pass-Through ID Numbers	Total Expenditures ($)	Amount Provided To Subrecipients ($)
U.S. Department of Agriculture					
Direct Grants and Contracts:					
Agricultural Research Basic and Applied Research	10.001			42,636	-
Total US Department of Agriculture - Direct				42,636	-
Pass Through:					
Agriculture and Food Research Initiative	10.310	Curators of the Univ Missouri	2018-67015-57598	2,947	-
Total US Department of Agriculture - Pass Through				2,947	-
Total US Department of Agriculture				**45,583**	-
U.S. Department of Justice					
Pass Through:					
Crime Victim Assistance	16.575	PA Commission on Crime and Delinquency	2017-VF-05-28133	148,679	-
Crime Victim Assistance	16.575	PA Commission on Crime and Delinquency	2019-SS-02-31382	19,578	-
Total US Department of Justice - Pass Through				168,257	-
Total US Department of Justice				**168,257**	-
U.S. Department of Transportation					
Pass Through:					
Highway Research and Development Program	20.200	University of Pennsylvania	693JJ31750012	42,894	-
Total US Department of Transportation - Pass Through				42,894	-
Total US Department of Transportation				**42,894**	-
Total Expenditures of Federal Awards				**189,484,704**	**56,461,358**

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Schedule of Expenditures of New Jersey State Financial Assistance Awards
Fiscal Year Ended June 30, 2020

State Grantor/Program and Program Reference Number	Funding #	Expenditures ($)
Department of Health and Senior Services		
Direct Awards		
Newborn Screening and Genetic Services 2020		
NJ:DFHS20NWB008	46.4200825165	$ 52,983
Hemophilia Services 2020		
NJ:DFHS20HEM002	46.4200825242	149,641
Newborn Screening and Genetic Services 2020		
NJ: DFHS20NWB09	46.4200825244	198,498
Special Child Health & Early Intervention, Child Evaluation Centers 2020		
NJ: DFHS20EVL007 and 93.994	46.4200800000	227,000
Total Expenditures of New Jersey State Financial Assistance		$ 628,122

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards (the "Schedules") include the Federal and State of New Jersey grant transactions of The Children's Hospital of Philadelphia Foundation and Controlled Affiliates (the "Enterprise") recorded on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Because the Schedules present only a selected portion of the operations of the Enterprise, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Enterprise. The information in these Schedules is presented in accordance with the requirements of *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), the New Jersey Department of the Treasury State Grant Compliance Supplement.

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

2. Facilities and Administrative Costs

Expenditures consist of direct costs and indirect costs. The Enterprise applies its predetermined approved facilities and administration rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.424 of the Uniform Guidance.

City of Philadelphia Requirements

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Contract #RM9810; CFDA #93.914
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Contract Period 03/01/2019 to 02/29/2020
Award Amount: $154,400
Contract Number: 1720676-02
Activity Description: Outpatient/Ambulatory Medical Care

Expenditures	
Personnel:	
Salaries	$ 81,789
Fringe Benefits	21,497
Total Personnel Expenditures	103,286
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	103,286
Total Direct Expenditures	103,286
Administration	-
Total Expenditures	103,286
Program Revenue	-
Net AACO Funded Expenditures	$ 103,286

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Contract #RM0810; CFDA #93.914
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Contract Period 03/01/2020 to 02/28/2021
Award Amount: $154,400
Contract Number: 1720676-03
Activity Description: Outpatient/Ambulatory Health Services

Expenditures	
Personnel:	
Salaries	$ 19,662
Fringe Benefits	4,437
Total Personnel Expenditures	24,059
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	24,059
Administration	-
Total Expenditures	24,059
Program Revenue	-
Net AACO Funded Expenditures	$ 24,059

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Contract #RW9650; CFDA #93.914
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Contract Period 03/01/2019 to 02/29/2020
Award Amount: $133,130
Contract Number: 1720676-02
Activity Description: Outpatient/Ambulatory Medical Care

Expenditures	
Personnel:	
Salaries	$ 79,553
Fringe Benefits	20,682
Total Personnel Expenditures	100,235
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	100,235
Administration	-
Total Expenditures	100,235
Program Revenue	-
Net AACO Funded Expenditures	$ 100,235

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Contract #RW0650; CFDA #93.914
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Contract Period 03/01/2020 to 02/28/2021
Award Amount: $130,543
Contract Number: 1720676-03
Activity Description: Outpatient/Ambulatory Medical Care

Expenditures	
Personnel:	
Salaries	$ 32,811
Fringe Benefits	8,450
Total Personnel Expenditures	41,261
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	41,261
Administration	-
Total Expenditures	41,261
Program Revenue	-
Net AACO Funded Expenditures	$ 41,261

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Contract #RM9995; CFDA #93.914
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Contract Period 03/01/2019 to 2/29/2020
Award Amount: $177,046
Contract Number: 1720676-02
Activity Description: Medical Case Management Services

Expenditures	
Personnel:	
Salaries	$ 92,716
Fringe Benefits	26,372
Total Personnel Expenditures	119,088
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	119,088
Administration	-
Total Expenditures	119,088
Program Revenue	-
Net AACO Funded Expenditures	$ 119,088

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Contract #RW0995; CFDA #93.914
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Contract Period 03/01/2020 to 2/28/2021
Award Amount: $171,038
Contract Number: 1720676-03
Activity Description: Care Services Case Management

Expenditures	
Personnel:	
Salaries	$ 45,237
Fringe Benefits	11,943
Total Personnel Expenditures	57,180
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	57,180
Administration	-
Total Expenditures	57,180
Program Revenue	-
Net AACO Funded Expenditures	$ 57,180

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Award #RM9809; CFDA #93.914
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Grant Period 03/01/2019 to 02/29/2020
Award Amount: $185,484
Contract Number: 1720676-02
Activity Description: Medical Case Management

Expenditures	
Personnel:	
Salaries	$ 91,222
Fringe Benefits	25,888
Total Personnel Expenditures	117,110
Operating:	
Travel	-
Equipment	2,902
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	2,902
Total Direct Expenditures	120,012
Administration	-
Total Expenditures	120,012
Program Revenue	-
Net AACO Funded Expenditures	$ 120,012

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Award #RM0809; CFDA #93.914
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Grant Period 03/01/2019 to 02/29/2020
Award Amount: $187,983
Contract Number: 1720676-03
Activity Description: Case Services Case Management

Expenditures	
Personnel:	
Salaries	$ 28,169
Fringe Benefits	7,436
Total Personnel Expenditures	35,605
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	35,605
Administration	-
Total Expenditures	35,605
Program Revenue	-
Net AACO Funded Expenditures	$ 35,605

The accompanying notes are an integral part of these financial statements.

The Children’s Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Award #CP9012; CFDA #93.940
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Grant Period 01/01/2019 to 12/31/2019
Award Amount: $95,000
Contract Number: 1820411-01
Activity Description: Testing in Adolescent Health Care Settings

Expenditures	
Personnel:	
Salaries	$ 43,779
Fringe Benefits	11,431
Total Personnel Expenditures	55,210
Operating:	
Travel	-
Equipment	2,863
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	2,863
Total Direct Expenditures	58,073
Administration	-
Total Expenditures	58,073
Program Revenue	-
Net AACO Funded Expenditures	$ 58,073

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Award #CP0012; CFDA #93.940
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Grant Period 01/01/2020 to 12/31/2021
Award Amount: $128,000
Contract Number: 1820411-03
Activity Description: Testing in Adolescent Health Care Settings

Expenditures

Personnel:	
Salaries	$ 18,492
Fringe Benefits	4,882
Total Personnel Expenditures	23,374
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	23,374
Administration	-
Total Expenditures	23,374
Program Revenue	-
Net AACO Funded Expenditures	$ 23,374

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
AIDS Activity Coordination Office Award #ST0481; CFDA #93.940
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Grant Period 07/01/2019 to 6/30/2020
Award Amount: $65,000
Contract Number: 2020149
Activity Description: HIV Navigation Services

Expenditures	
Personnel:	
Salaries	$ 50,890
Fringe Benefits	14,110
Total Personnel Expenditures	65,000
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	65,000
Administration	-
Total Expenditures	65,000
Program Revenue	-
Net AACO Funded Expenditures	$ 65,000

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Health Resource and Service Administration Award # UAC-DCBPS; CFDA #93.917
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Grant Period 7/01/2019 to 6/30/2020
Award Amount: $65,000
Contract Number: UAC DCBPS
Activity Description: Adolescent Initiative Prevention Program

Expenditures	
Personnel:	
Salaries	$ 50,640
Fringe Benefits	14,060
Total Personnel Expenditures	64,700
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	64,700
Administration	-
Total Expenditures	64,700
Program Revenue	-
Net AACO Funded Expenditures	$ 64,700

The accompanying notes are an integral part of these financial statements.

The Children's Hospital of Philadelphia Foundation and Controlled Affiliates
Health Resource and Service Administration Award #1820007-02; CFDA #93.918
Statement of Program Expenditures and Program Revenues
Year Ended June 30, 2020
Grant Period 07/01/2019 to 06/30/2020
Award Amount: $75,000
Contract Number: 1820007-02
Activity Description: HIV Early Intervention Program – Title 3

Expenditures	
Personnel:	
Salaries	$ 60,512
Fringe Benefits	14,442
Total Personnel Expenditures	74,954
Operating:	
Travel	-
Equipment	-
Supplies	-
Printing	-
Subcontract	-
Other	-
Total Operating Expenditures	-
Total Direct Expenditures	74,954
Administration	-
Total Expenditures	74,954
Program Revenue	-
Net AACO Funded Expenditures	$ 74,954

The accompanying notes are an integral part of these financial statements.

Reports on Internal Control and Compliance

Report of Independent Auditors 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 Trustees of
The Children's Hospital of Philadelphia Foundation and Controlled Affiliates

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Children's Hospital of Philadelphia Foundation and Controlled Affiliates (the "Enterprise"), which comprise the consolidated balance sheets as of June 30, 2020, and the related consolidated statements of operations, changes in net assets and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Enterprise's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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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 entity'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 Enterprise's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

September 29, 2020

Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and *the City of Philadelphia Subrecipient Audit Guide*, which incorporates the guidance from the Uniform Guidance

To the Board of Trustees of
The Children's Hospital of Philadelphia Foundation and Controlled Affiliates

Report on Compliance for Each Major Federal and City of Philadelphia Program

We have audited the Children's Hospital of Philadelphia Foundation and Controlled Affiliates' (the "Enterprise")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *City of Philadelphia Subrecipient Audit Guide*, which incorporates the guidance from OMB Uniform Guidance, that could have a direct and material effect on each of the Enterprise's major federal and City of Philadelphia programs for the year ended June 30, 2020. The Enterprise's major federal and City of Philadelphia programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Enterprise's major federal and City of Philadelphia 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) and the audit requirements of the *City of Philadelphia Subrecipient Audit Guide,* which incorporate the guidance from OMB Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or city program occurred. An audit includes examining, on a test basis, evidence about the Enterprise'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 and City of Philadelphia program. However, our audit does not provide a legal determination of the Enterprise's compliance.

pwc

Opinion on Each Major Federal and **City of Philadelphia** ***Program***

In our opinion, the Enterprise complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and City of Philadelphia programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Enterprise 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 Enterprise's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and City of Philadelphia 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 and City of Philadelphia program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *City of Philadelphia Subrecipient Audit Guide*, which incorporates the guidance from OMB 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 Enterprise'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 or city program on a timely basis. A *material weakness in internal control* over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or city 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 or city program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *City of Philadelphia Subrecipient Audit Guide,* which incorporates the guidance from OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
June 28, 2020

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor's Results

Consolidated Financial Statements

(i)	Type of auditor's report issued		Unmodified
(ii)	Internal control over financial reporting :		
	Material weakness(es) identified?	___ yes	X no
	Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	X none reported
(iii)	Noncompliance material to consolidated financial statements noted?	___ yes	X no

Federal Awards

(iv)	Internal control over major programs :		
	Material weakness(es) identified?	___ yes	X no
	Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	X none reported
(v)	Type of auditor's report issued on compliance for major programs:		Unmodified
(vi)	Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	___ yes	X none reported
(vii)	Identification of major programs:		
	Name of Federal Program or Cluster		**CFDA Number (s)**
	Research and Development Cluster		Various
(viii)	Dollar threshold used to distinguish between Type A and Type B programs:		$3,000,000
(ix)	Auditee qualified as low-risk auditee	X yes	___ no

City Awards

(iv)	Internal control over major programs :		
	Material weakness(es) identified?	___ yes	X no
	Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	X none reported
(v)	Type of auditor's report issued on compliance for major programs:		Unmodified
(vi)	Any audit findings disclosed that are required to be reported in accordance with the 2CFR 200.516(a) and the *City of Philadelphia Subrecipient Audit Guide*		X none reported
(vii)	Identification of major programs:		
	Name of City Program		**CFDA Number (s)**
	AIDS Activities Coordinating Office (AACO)		93.914
(i)	Dollar threshold used to distinguish between Type A and Type B programs:		$750,000
(ii)	Auditee qualified as low-risk auditee	X yes	___ no

Section II – Financial Statement Findings

None noted.

Section III – Federal and City Award Findings and Questioned Costs

None noted.

Section III - Federal and City Awards

There are no findings from prior years that require an update in this report.