


Children's Health Care
Officer's Certificate
Pursuant to Section 4(a)(iii) of
Continuing Disclosure Agreement

I, Jerry Massmann, the Chief Financial Officer of the Corporation, hereby certify:

1. That attached is information for fiscal year 2008 of the type contained in the Official Statement dated November 1, 2007 and described in Exhibit B to the Continuing Disclosure Agreement.
2. That, based on the reliability of information obtained from governmental or other third party sources, the attached information is accurate and complete in all material respects to the best of my knowledge.

 Date: 4/1/09

Jerry Massmann
Chief Financial Officer

Table 1

**CHILDREN'S HOSPITALS AND CLINICS OF MINNESOTA
Case Mix by Pediatric Service Line**

| | 2008 | |
|----------------------|---------------|---------------|
| | Admits | % of Total |
| Anesthesiology | 60 | 0.4% |
| Cardiology | 250 | 1.8% |
| Critical Care | 828 | 5.8% |
| Emergency Medicine | 4 | 0.0% |
| Endocrinology | 239 | 1.7% |
| ENT/Otolaryngology | 230 | 1.6% |
| Gastroenterology | 140 | 1.0% |
| General Medicine | 80 | 0.6% |
| General Surgery | 1,041 | 7.3% |
| Hematology/Oncology | 883 | 6.2% |
| Infectious Disease | 125 | 0.9% |
| Neonatology | 1,943 | 13.7% |
| Neurology | 450 | 3.2% |
| Other Subspecialties | 251 | 1.8% |
| Pediatric | 6,810 | 48.1% |
| Subspecialty Surgery | 497 | 3.5% |
| Urology | 340 | 2.4% |
| TOTAL | 14,171 | 100.0% |

Table 2

**CHILDREN'S HOSPITALS AND CLINICS
Net Change in Admitting Physicians**

| | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|-------------------|-------------|-------------|-------------|
| Beginning of year | 1,259 | 1,234 | 1,239 |
| Net change | <u>(25)</u> | <u>5</u> | <u>(31)</u> |
| End of Year | 1,234 | 1,239 | 1,208 |

Source: Children's internal records

Table 3

**CHILDREN'S HOSPITALS AND CLINICS OF MINNESOTA
Employee Collective Bargaining Agreements**

| <u>Occupation</u> | <u>Number of Employees at 12/31/08</u> | <u>Union or Association</u> | <u>Contracts Expiration Dates at 12/31/08</u> |
|-----------------------------|--|---|---|
| Registered Nurses | 1,634 | Minnesota Nurses Assoc. | 6/1/2010 |
| Service Workers | 270 | Service Employees International Union (SEIU) | 2/28/2009 |
| Other | <u>11</u> | Local No. 113, Local No. 653, and Local No. 70 | Various |
| Total Contract Employees | 1,915 | | |

Source: Children's internal records.

Table 4

CHILDREN'S HOSPITALS AND CLINICS OF MINNESOTA
Acute Pediatric Service Line: Inpatient Discharges Volume and Market Share
(excludes chemical dependency, psychiatry, neonates, and newborns)
By Metropolitan * Hospital System - All Patient Origins (Ages 0-14)

| Hospital | 2005 | | 2006 | | 2007 | | 2008 | |
|-----------------------------|-------------|--------|-------------|--------|-------------|--------|-------------|--------|
| Children's System | 10,313 | 52.4% | 9,942 | 52.2% | 10,713 | 53.8% | 10,641 | 56.2% |
| Fairview System | 3,242 | 16.5% | 3,277 | 17.2% | 3,527 | 17.7% | 3,087 | 16.3% |
| Gillette | 1,346 | 6.8% | 1,299 | 6.8% | 1,322 | 6.6% | 1,433 | 7.6% |
| Hennepin County | 1,217 | 6.2% | 1,144 | 6.1% | 1,128 | 5.7% | 1,194 | 6.3% |
| Allina System | 1,321 | 6.7% | 1,331 | 7.0% | 1,205 | 6.0% | 1,001 | 5.4% |
| North Memorial | 674 | 3.4% | 617 | 3.2% | 625 | 3.1% | 488 | 2.6% |
| Ridgeview | 575 | 2.9% | 498 | 2.6% | 486 | 2.4% | 382 | 2.0% |
| Methodist | 503 | 2.6% | 423 | 2.2% | 421 | 3.1% | 308 | 1.6% |
| Regions | 167 | 0.8% | 178 | 0.9% | 198 | 1.0% | 172 | 0.9% |
| HealthEast System | 214 | 1.1% | 232 | 1.2% | 204 | 1.0% | 150 | 0.7% |
| Lakeview | 69 | 0.4% | 85 | 0.5% | 78 | 0.4% | 50 | 0.3% |
| Regina | 40 | 0.2% | 20 | 0.1% | 14 | 0.1% | 10 | 0.1% |
| Metropolitan Hospital Total | 19,681 | 100.0% | 19,046 | 100.0% | 19,921 | 100.0% | 18,916 | 100.0% |

**Metropolitan Hospital Systems are defined by the Minnesota Hospital Association (MHA) as Region 4 (7-County Metro) Reporting Hospitals, Region 4 Counties include: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties*
Source: MHA Region 4 Hospitals (7-County Metro Hospitals) Standard Market Share Report, Ages 0-14

Table 6

CHILDREN'S HOSPITALS AND CLINICS OF MINNESOTA
Number of Staffed and Licensed Beds

| <u>Licensed</u> | <u>Minneapolis</u> | <u>St. Paul</u> | <u>Total</u> |
|---------------------|--------------------|-----------------|--------------|
| Regular Beds | 153 | 116 | 269 |
| Leased Beds | 0 | 10 | 10 |
| Bassinets | <u>74</u> | <u>57</u> | <u>131</u> |
| Total | 227 | 183 | 410 |
| | | | |
| Staffed Beds | 199 | 133 | 332 |

Table 7

CHILDREN'S HOSPITALS AND CLINICS OF MINNESOTA
Discharges and Patient Days

(All discharges including acute pediatrics, chemical dependency, psychiatry, newborns and neonates)

| <u>Admissions</u> | <u>For Year Ending December 31,</u> | | | |
|-------------------------------|-------------------------------------|----------------------|----------------------|----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Perinatal Services | 1,581 | 1,707 | 1,864 | 2,064 |
| Intensive Care Services | 1,942 | 1,734 | 1,738 | 1,879 |
| Medical and Surgical Services | <u>9,891</u> | <u>9,665</u> | <u>10,431</u> | <u>10,228</u> |
| | | | | |
| Total | <u>13,414</u> | <u>13,106</u> | <u>14,033</u> | <u>14,171</u> |
| | | | | |
| <u>Patient Days</u> | | | | |
| Perinatal Services | 37,890 | 37,292 | 38,454 | 37,810 |
| Intensive Care Services | 10,011 | 9,478 | 9,970 | 9,518 |
| Medical and Surgical Services | <u>37,904</u> | <u>39,039</u> | <u>41,028</u> | <u>39,596</u> |
| | | | | |
| Total | <u>85,805</u> | <u>85,809</u> | <u>89,452</u> | <u>86,924</u> |

Table 8

**CHILDREN'S HOSPITALS AND CLINICS OF MINNESOTA
Volume of Certain Outpatient Services**

| | <u>For the Year Ended December 31,</u> | | | |
|-----------------------------|--|----------------|----------------|----------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | |
| Outpatient Surgical Cases | 14,953 | 15,607 | 15,488 | 15,766 |
| Emergency Department Visits | 73,360 | 76,737 | 83,256 | 82,433 |
| Clinic Visits | <u>117,303</u> | <u>119,111</u> | <u>121,124</u> | <u>116,954</u> |
| Total | 205,616 | 211,455 | 219,868 | 215,153 |

Source: Children's internal records.

Table 9

**CHILDREN'S HOSPITALS AND CLINICS OF MINNESOTA
Percent of Revenue by Payer**

| | <u>Year Ended December 31,</u> | | | |
|---------------------------------------|--------------------------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 |
| Medicaid | 16.4% | 16.8% | 17.9% | 18.3% |
| Medicaid Managed Care | 19.5% | 19.9% | 20.7% | 20.9% |
| HMO/PPO | 60.7% | 59.3% | 58.4% | 56.8% |
| Commercial Insurance and Other Payers | 2.4% | 2.6% | 1.7% | 1.5% |
| Self-Pay | 1.0% | 1.4% | 1.3% | 2.5% |
| TOTAL | 100.0% | 100.0% | 100% | 100% |

Source: Children's internal records.

Capitalization Table

| | December 31, 2007 | December 31, 2008 |
|---|----------------------|----------------------|
| | <u>(\$000)</u> | <u>(\$000)</u> |
| Series 1995B Bonds | \$23,200 | \$22,400 |
| Series 1998A Bonds | 7,490 | 5,735 |
| Series 2004A Bonds | 48,900 | 47,850 |
| Series 2004B Bonds | 46,100 | 44,375 |
| Series 2007A Bonds | <u>103,000</u> | <u>103,000</u> |
| Total debt | 228,690 | 223,360 |
| Unrestricted net assets | 374,310 | 305,083 |
| Total debt and unrestricted net assets | <u>\$603,000</u> | <u>\$528,443</u> |
| Ratio of debt to total capitalization | 37.9% | 42.3% |

CHILDREN'S HOSPITAL AND CLINICS OF MINNESOTA
Consolidated*
Summary of Revenues and Expenses and
Other Changes in Unrestricted Net Assets (\$000)

| | <u>2007</u> | <u>2008</u> |
|--|-----------------|-------------------|
| Revenue | | |
| Net Patient Service Revenue | \$500,086 | \$540,781 |
| Other | 20,101 | 22,639 |
| Foundation Transfers | <u>6,539</u> | <u>9,036</u> |
| Total Revenue | <u>526,726</u> | <u>572,456</u> |
| Expenses | | |
| Salaries, Benefits and Other | 461,766 | 498,808 |
| Depreciation and Amortization | 29,681 | 28,816 |
| Interest Expense | <u>6,447</u> | <u>10,093</u> |
| Total Expenses | <u>497,894</u> | <u>537,717</u> |
| Operating Income | 28,832 | 34,739 |
| Nonoperating Gains | | |
| Investment Income, Net** | 26,529 | (21,803) |
| Income on Investments Accounted for Under Equity Method | 2,441 | 3,864 |
| Net Change in Unrealized Losses on Investments | | (43,813) |
| Change in Interest Rate Swap Valuation | | <u>(33,897)</u> |
| Total Nonoperating Gains, Net | <u>28,970</u> | <u>(95,649)</u> |
| Excess of Revenue Over Expenses | <u>57,802</u> | <u>(60,910)</u> |
| Other Changes | | |
| Net Change in Unrealized Appreciation on Investments | (2,389) | |
| Net Change in Effective Portion of Swaps Net Assets Released from | (4,549) | |
| Restrictions -- Capital Acquisitions | 1,144 | 5,527 |
| Application of FAS 158 on the RSVP Plan | (12,641) | (13,661) |
| Other | <u>0</u> | <u>(200)</u> |
| Increase in Unrestricted Net Assets | <u>\$39,367</u> | <u>\$(69,244)</u> |

* Includes Children's Foundation, which is not a member of the Obligated Group. Children's Foundation accounted for \$ 893 and (\$ 1,347) in the change in unrestricted net assets for the fiscal years ended December 31, 2007 and 2008, respectively.

** As required by generally accepted accounting principles, realized investment income includes unrealized gains and losses on derivative positions of \$ 737 and (\$ 91) for the fiscal years ended December 31, 2007 and 2008, respectively.

CHILDREN'S HOSPITAL AND CLINICS OF MINNESOTA
Consolidated*
Summary Statements of Financial Position
(\$000)

| | December 31, 2007 | December 31, 2008 |
|---|-------------------------|-------------------------|
| Assets | | |
| Cash, Cash Equivalents and Short Term Investments | \$ 30,470 | \$ 107,843 |
| Other Current Assets | 164,156 | 165,528 |
| Donor Restricted Cash and Investments | 50,386 | 40,551 |
| Investments – Securities Lending Agreements | 89,313 | 44,243 |
| Unrestricted Investments | 240,007 | 164,246 |
| Other Assets | 42,586 | 50,807 |
| Collateral Held for Securities Lending Agreements | 90,483 | 41,362 |
| Land, Building & Equipment – Net | 164,388 | 204,783 |
| Total Assets | <u>\$872,149</u> | <u>\$819,363</u> |
| Liabilities | | |
| Current Liabilities | \$79,216 | \$98,813 |
| Payable under Securities Lending Agreements | 90,843 | 46,501 |
| Fair Value of Interest Rate Swaps | 8,742 | 42,639 |
| Long Term Debt – Less Current Portion | 222,782 | 217,154 |
| Other Long Term Liabilities | 29,068 | 43,865 |
| Total Liabilities | <u>430,651</u> | <u>448,972</u> |
| Net Assets | | |
| Unrestricted | 374,327 | 305,083 |
| Temporarily Restricted | 34,215 | 40,643 |
| Permanently Restricted | 32,956 | 24,665 |
| Total Net Assets | <u>441,498</u> | <u>370,339</u> |
| Total Liabilities and Net Assets | <u>\$872,149</u> | <u>\$819,363</u> |

* Includes Children's Foundation, which is not a member of the Obligated Group. Children's Foundation had total net assets, which include both restricted and unrestricted net assets, of \$ 69,257, and \$ 66,047 as of December 31, 2007 and 2008, respectively. The unrestricted net assets of Children's Foundation were \$2,086 and \$ 739 as of December 31, 2007 and 2008, respectively.