



ChildrensHospitalLosAngeles

International Leader in Pediatrics

Richard D. Cordova, FACHE President and Chief Executive Officer

Winter 2007

Dear Friend,

During the holiday season, I find myself thinking about transitions. Another year has come and gone, and a new one is about to begin. There is the promise of new opportunities – opportunities to make Childrens Hospital Los Angeles, a truly wonderful place, better each and every day. Over the past two years, the hospital and medical leadership, our directors and managers have worked with me toward that goal. With that in mind, I'd like to update you on our progress since our last "State of the Hospital" letter.

Our excitement is growing as the New Hospital Building's enormous steel structure rises above Sunset Boulevard. We are extremely grateful to the visionary community leaders who have come together and raised an unprecedented \$129 million to date for the construction of these much-needed hospital facilities through *Living Proof: the Campaign for Childrens Hospital Los Angeles*. Between now and June 30, 2009, we must raise an additional \$121 million to reach our philanthropic goal of \$250 million, and we will continue to engage individuals and community leaders who have the means and dedication to pave the way for a healthier future for all children.

Steel began rising in March 2007, and we have completed the building's framework. We'll celebrate placement of the final steel beam in March 2008. The project is on time and within budget, with construction approximately one-third complete. The construction team is now pouring the concrete for the patient floors and subterranean parking garage, and working on air-cooling towers and chillers. The New Hospital Building will help us provide the best care possible to the children of Southern California and beyond – they deserve a pediatric hospital that is second to none.

In 2010, we will move into this leading-edge facility, which will be the perfect complement to our world-class reputation. In September, the American Alliance of Healthcare Providers (AAHP) announced that it was honoring Childrens Hospital Los Angeles with a 2007 Hospital of Choice Award. We are one of just 15 hospitals in California to receive this accolade, and one of only seven children's hospitals nationwide. Through the award, the AAHP is seeking to honor hospitals that go above and beyond the call of duty to strive for excellence – something we do every day at Childrens Hospital.

Our physicians are among the very best anywhere, and they are often recognized by their peers. It is particularly satisfying to report that our own Roberta G. Williams, MD, FACC, vice president of pediatrics and academic affairs at Childrens Hospital and professor and chair of the Department of Pediatrics at the Keck School of Medicine of the University of Southern California (USC), was honored as a Master of

Respect • Service • Excellence • Knowledge • Teamwork

4650 Sunset Boulevard, Los Angeles, California 90027 • (323) 660-2450 • www.ChildrensHospitalLA.org

American College of Cardiology for her outstanding service to the College. Dr. Williams has certainly done as much, and more, for us in her seven years here at Childrens Hospital, and this is but the latest recognition in a career spanning four decades in pediatric medical care and leadership.

A New Center of Excellence

Vision has a tremendous impact not only on the health of children, but also their ability to learn. Children with uncorrected vision conditions or eye health problems face many barriers in life, both academically and socially. Early detection and treatment provide the best opportunity to correct vision problems. I am pleased to announce the creation of The Vision Center at Childrens Hospital Los Angeles, which builds upon the success of our Division of Ophthalmology, and treats more than 12,000 patients each year – making it the largest center of its kind in the United States. It is the only program in the world with expertise in virtually every ophthalmologic subspecialty area. The Vision Center’s subspecialty programs for retina and cornea disorders, optic nerve hypoplasia and glaucoma are considered among the nation’s finest. In addition, we offer one of the premier centers in the world devoted to treatment and research of retinoblastoma, an aggressive children’s eye cancer.

Vital Community Support

On July 31, 2007, the McCourt family and the Los Angeles Dodgers announced that they are joining Childrens Hospital and City of Hope to support cancer research through ThinkCure, the official charity of the Dodgers. Frank and Jamie McCourt, the owners of the Dodgers, are committed to making ThinkCure a touchstone of caring throughout Los Angeles. I felt a sense of pride and promise as I watched former Childrens Hospital and City of Hope patients throw ceremonial pitches to Stuart E. Siegel, MD, director of our Childrens Center for Cancer and Blood Diseases and professor and vice chair of the Department of Pediatrics at the Keck School of Medicine, City of Hope’s Stephen J. Forman, MD, and Dodger first baseman Nomar Garciaparra at the Dodgers-Giants game on the day of the announcement.

The second annual Kids on the Run 5K/10K, presented by Costco and benefiting the Emergency Department at Childrens Hospital, attracted a record number of participants. The third annual Kids on the Run 5K/10K will be held at the Rose Bowl on February 17, 2008. The 104.3 KBIG Tunathon, presented by Foresters and hosted by Los Angeles radio legend Charlie Tuna, was again a wonderful success, raising more than \$830,000 for the hospital and its programs. And the Nautica Malibu Triathlon raised more than \$740,000 for pediatric cancer research at Childrens Hospital and was the subject of a nationwide Fox Sports Network television special.

Patients at Childrens Hospital Los Angeles receive more than 20,000 blood transfusions a year, and blood products are a huge expense when we can’t collect enough to supply the hospital’s needs on our own. Our new bloodmobile will help our Blood Donor Center venture into communities in and around Los Angeles to conduct blood drives and help meet this enormous demand. It was dedicated the “Maxmobile” in October in memory of cancer patient Max Buelow, and it was made possible by Southern California Volvo Dealers, the Volvo City of Angeles Fun Ride, the Joseph B. Gould Foundation, Peter Heumann and the Buelow family.

Leaders in Research

The Saban Research Institute is the only research institute in a freestanding children’s hospital in California that has been awarded four grants from the California Institute for Regenerative Medicine (CIRM), beginning with an initial three-year, \$2.4 million stem cell training grant two years ago. Our investigators attracted three CIRM grants this year, including a \$675,000 Scientific Excellence through Exploration

Development (SEED) award to Elizabeth R. Lawlor, MD, PhD, for her study of Ewing's sarcoma, a highly aggressive tumor that primarily affects children and young adults; a \$2.55 million Comprehensive Research Grant to Gay M. Crooks, MD, who has spent the past 15 years studying how human bone marrow stem cells and lymphoid (immune system) progenitors develop; and a \$2.8 million Shared Research Laboratory grant to remodel and equip laboratories dedicated to human embryonic stem cell research. CIRM funds are made available by the California Stem Cell Research and Cures Initiative, which was approved by voters on the California general election ballot in 2004. Dr. Lawlor is an assistant professor of pediatrics and pathology at the Keck School of Medicine; Dr. Crooks is a professor of pediatrics at the Keck School.

Childrens Hospital Los Angeles is committed not only to providing the best possible care available to children today, but also to finding the best means to diagnose, treat and prevent pediatric diseases and to promote child health tomorrow. Our investigators are working at the forefront of pediatric research, and their findings will benefit children everywhere – they've published articles in more than 200 prestigious professional journals this year alone, including Wilbert H. Mason, MD, Masato Takahashi, MD, and others, who published the article, "Randomized Trial of Pulsed Corticosteroid Therapy for Primary Treatment of Kawasaki Disease," in *The New England Journal of Medicine*; Donald B. Kohn, MD, who published the article, "Lentiviral Vectors Ready for Prime-time," in *Nature Biotechnology*; and Mitchell E. Geffner, MD, and others, who published the article, "Growth Hormone Treatment of Early Growth Failure in Toddlers with Turner Syndrome: A Randomized, Controlled, Multi-center Trial," in *The Journal of Clinical Endocrinology & Metabolism*. Drs. Mason, Takahashi, Kohn and Geffner all hold faculty appointments at the Keck School of Medicine in addition to their extensive patient care, teaching, research and other responsibilities at Childrens Hospital Los Angeles.

Min H. Kang, PharmD, at the USC-CHLA Institute for Pediatric Clinical Research (IPCR), and her colleagues collaborated with scientists in Sydney, Australia, and may have discovered a drug to reverse drug resistance in childhood leukemia, with their findings published in the journal *Blood*; and IPCR research-scientists Nino Keshelava, MD, and C. Patrick Reynolds, MD, PhD, along with a team of researchers and collaborating investigators Timothy J. Triche, MD, PhD, and Richard Sposto, PhD, may have discovered an approach to reverse drug resistance in neuroblastoma, a common form of childhood cancer, with their findings published in the *Journal of the National Cancer Institute*.

International Outreach

As an international leader in pediatrics, Childrens Hospital attracts attention from all corners of the globe. In addition to treating unique cases from countries as far away as Hong Kong and Saudia Arabia, as well as from across the United States, we continue to reach out to the international medical community. For example, through the generous support of Cheryl Saban, PhD, Haim Saban and the Saban Family Foundation, Childrens Hospital has created the Los Angeles-Be'er Sheva Saban Collaborative Program with The Saban Children's Hospital at Soroka University Medical Center, located in Be'er Sheva, Israel. The Sabans' three-year grant funds the promotion of clinical, educational and scientific collaboration, to achieve the greatest impact on children's health worldwide. To date, one resident from Childrens Hospital and two residents from The Saban Children's Hospital have participated. The program will eventually be broadened to encompass faculty members, research fellows and health-care professionals from each institution.

We also have had a number of distinguished guests visit the hospital. Just this October, the First Lady of Mongolia toured Childrens Hospital and discussed children's health issues with us, as part of her husband's official state visit to the United States. Childrens Hospital physicians have been traveling to Mongolia for a number of years through Team International, performing procedures and training medical professionals, so it was fitting for the First Lady to see how our institution works firsthand. We hosted

Maria Kaczyńska, the First Lady of Poland, in April of this year, and Kateryna Yushchenko, First Lady of the Ukraine, in June of 2006; both visits have led us to explore a physician exchange program with these countries as well.

The Fiscal Landscape

The financial viability of urban and children's hospitals like ours is particularly vulnerable in today's increasingly difficult economic climate, because of the large number of poor and underserved children we treat.

As of June 30, 2007, the hospital had total assets of \$1,556,539,000 and \$544,979,000 in unrestricted net assets. It is important to note that while Fiscal Year 2007 showed an operating loss, which includes depreciation and amortization costs for information technology systems and facilities, the hospital's overall financial condition is sound. We continue to make decisions that will help us maintain the financial health of the hospital, allowing us to help the children and families of Southern California and beyond in perpetuity.

Looking Ahead

Childrens Hospital Los Angeles is the only hospital in the greater Los Angeles area that has the physician specialists and treatment programs necessary to treat the full range of serious illnesses and injuries that afflict our children. Our doctors, nurses and caregivers save lives every day that would otherwise be lost, and we provide care to those who need our specialized services without regard to their ability to pay. Disease and injury play no favorites and may strike any of our children, grandchildren or great grandchildren. While we hope you never need the high level of care we provide, if you do, the life-saving services of Childrens Hospital will be here for you as they are for more than 91,000 children every year.

If you are interested in making a world of difference in the lives of children everywhere, please don't hesitate to call us at 323-361-2308. We would love to help you discover the wonders of this life-saving institution.

Sincerely,



Richard D. Cordova, FACHE
President and Chief Executive Officer