

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2007Open to Public
Inspection**A** For the 2007 calendar year, or tax year beginning **JUL 1, 2007** and ending **JUN 30, 2008****B** Check if applicable

- ☐ Address change
☐ Name change
☐ Initial return
☐ Termination
☐ Amended return
☐ Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization**CHILDREN'S CLINICS FOR
REHABILITATIVE SERVICES**

Number and street (or P.O. box if mail is not delivered to street address)

2600 NORTH WYATT DRIVE

City or town, state or country, and ZIP + 4

TUCSON, AZ 85712**D** Employer identification number**86-0667510****E** Telephone number**520-324-5437****F** Accounting method☐ Cash☒ Accrual☐ Other (specify) ►

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations**H(a)** Is this a group return for affiliates? ☐ Yes ☒ No**H(b)** If "Yes," enter number of affiliates ► **N/A****H(c)** Are all affiliates included? **N/A** ☐ Yes ☐ No (If "No," attach a list.)**H(d)** Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No**I** Group Exemption Number ► **N/A****M** Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).**G** Website: ► **WWW.CHILDRENSCLINICS.ORG****J** Organization type (check only one) ☒ 501(c) (3) (insert no) ☐ 4947(a)(1) or ☐ 527**K** Check here ☐ if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ► **16,573,222.****Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

1	Contributions, gifts, grants, and similar amounts received:			
a	Contributions to donor advised funds	1a		
b	Direct public support (not included on line 1a)	1b	107,042.	
c	Indirect public support (not included on line 1a)	1c		
d	Government contributions (grants) (not included on line 1a)	1d		
e	Total (add lines 1a through 1d) (cash \$ 107,042. noncash \$)	1e	107,042.	
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	16,278,777.	
3	Membership dues and assessments	3		
4	Interest on savings and temporary cash investments	4	181,954.	
5	Dividends and interest from securities	5		
6 a	Gross rents SEE STATEMENT 1	6a	5,449.	
b	Less: rental expenses	6b		
c	Net rental income or (loss). Subtract line 6b from line 6a	6c	5,449.	
7	Other investment income (describe ►)	7		
8 a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
b	Less: cost or other basis and sales expenses	8a		
c	Gain or (loss) (attach schedule)	8b	246,094.	
d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8c	-246,094.	
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>	STMT 2	8d	-246,094.
a	Gross revenue (not including \$ of contributions reported on line 1b)	9a		
b	Less: direct expenses other than fundraising expenses	9b		
c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c		
10 a	Gross sales of inventory, less returns and allowances	10a		
b	Less: cost of goods sold	10b		
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c		
11	Other revenue (from Part VII, line 103)	11		
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	16,327,128.	
13	Program services (from line 44, column (B))	13	14,936,256.	
14	Management and general (from line 44, column (C))	14	1,607,941.	
15	Fundraising (from line 44, column (D))	15		
16	Payments to affiliates (attach schedule)	16		
17	Total expenses. Add lines 16 and 44, column (A)	17	16,544,197.	
18	Excess or (deficit) for the year. Subtract line 17 from line 12	18	-217,069.	
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	4,652,302.	
20	Other changes in net assets or fund balances (attach explanation)	20	0.	
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21	4,435,233.	

723001-12-21-01 For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2007)

**CHILDREN'S CLINICS FOR
REHABILITATIVE SERVICES**
**Part II Statement of
Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ 0 . noncash \$ 0 . If this amount includes foreign grants, check here <input type="checkbox"/> 22a				
22b Other grants and allocations (attach schedule) (cash \$ 0 . noncash \$ 0 . If this amount includes foreign grants, check here <input type="checkbox"/> 22b				
23 Specific assistance to individuals (attach schedule) 23				
24 Benefits paid to or for members (attach schedule) 24				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A 25a	333,738.	6,673.	327,065.	0.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B 25b	33,467.	670.	32,797.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) 25c				
26 Salaries and wages of employees not included on lines 25a, b, and c 26	3,409,420.	2,793,533.	615,887.	
27 Pension plan contributions not included on lines 25a, b, and c 27	71,411.	60,208.	11,203.	
28 Employee benefits not included on lines 25a - 27 28	329,952.	254,339.	75,613.	
29 Payroll taxes 29	276,436.	206,132.	70,304.	
30 Professional fundraising fees 30				
31 Accounting fees 31	38,778.	31,798.	6,980.	
32 Legal fees 32				
33 Supplies 33	1,556,449.	1,489,818.	66,631.	
34 Telephone 34	57,278.	53,181.	4,097.	
35 Postage and shipping 35	23,161.	18,992.	4,169.	
36 Occupancy 36	191,665.	174,198.	17,467.	
37 Equipment rental and maintenance 37	226,602.	210,392.	16,210.	
38 Printing and publications 38	3,096.	2,539.	557.	
39 Travel 39	8,540.	7,003.	1,537.	
40 Conferences, conventions, and meetings 40	17,073.	14,000.	3,073.	
41 Interest 41				
42 Depreciation, depletion, etc (attach schedule) 42	302,774.	248,275.	54,499.	
43 Other expenses not covered above (itemize):				
a <u>INSURANCE</u> 43a	55,714.	45,685.	10,029.	
b <u>LICENSES AND FEES</u> 43b	6,271.	5,142.	1,129.	
c <u>MISCELLANEOUS</u> 43c	47,592.	39,024.	8,568.	
d <u>OUTSIDE SERVICES</u> 43d	816,613.	536,487.	280,126.	
e <u>PROFESSIONAL CARE OF</u> 43e				
f <u>PATIENTS</u> 43f	8,738,167.	8,738,167.	0.	
g 43g				
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15) 44	16,544,197.	14,936,256.	1,607,941.	0.

Joint Costs. Check ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;

(iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ►		Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
PROVIDE HEALTH CARE FOR CHILDREN WITH SPECIAL NEEDS		
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)		
a	SEE STATEMENT 3	
	(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	14,936,256.
b		
	(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
c		
	(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
d		
	(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
e	Other program services (attach schedule)	
	(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
f	Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	14,936,256.

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REHABILITATIVE SERVICES**

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Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing		45	
	46 Savings and temporary cash investments	1,563,788.	46	2,493,533.
	47 a Accounts receivable	47a 439,567.		
	b Less: allowance for doubtful accounts	47b	47c	439,567.
	48 a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b	48c	
	49 Grants receivable		49	
	50 a Receivables from current and former officers, directors, trustees, and key employees		50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b	
	51 a Other notes and loans receivable	51a	51c	
	b Less: allowance for doubtful accounts	51b		
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	152,213.	53	148,694.
	54 a Investments - publicly-traded securities STMT 5 <input checked="" type="checkbox"/> Cost <input type="checkbox"/> FMV	2,933,515.	54a	3,058,578.
	b Investments - other securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
55 a Investments - land, buildings, and equipment: basis STMT 4	55a			
b Less: accumulated depreciation	55b	55c		
56 Investments - other	0.	56	0.	
57 a Land, buildings, and equipment: basis	57a 3,946,100.			
b Less: accumulated depreciation STMT 6	57b 2,950,367.	57c	995,733.	
58 Other assets, including program-related investments (describe ▶)		58		
59 Total assets (must equal line 74). Add lines 45 through 58	7,266,923.	59	7,136,105.	
Liabilities	60 Accounts payable and accrued expenses	2,614,621.	60	2,700,872.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe ▶)		65	
66 Total liabilities. Add lines 60 through 65	2,614,621.	66	2,700,872.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted	4,652,302.	67	4,435,233.
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	4,652,302.	73	4,435,233.
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	7,266,923.	74	7,136,105.	

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Part V-A Current Officers, Directors, Trustees, and Key Employees <i>(continued)</i>	Yes	No
75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 14		
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b	X
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization."	75c	X
If "Yes," attach a statement that includes the information described in the instructions.		
d Does the organization have a written conflict of interest policy?	75d	X

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
CHERYL LIPPERT 2600 N. WYATT DRIVE TUCSON, AZ 85712	0.	32,227.	1,240.	0.

Part VI Other Information <i>(See the instructions)</i>	Yes	No
76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b If "Yes," enter the name of the organization N/A and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a Enter direct and indirect political expenditures. (See line 81 instructions) 81a 0.		
b Did the organization file Form 1120-POL for this year?	81b	X

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Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)		82b	512,302.
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a	X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> ; section 4912 <u>0.</u> ; section 4955 <u>0.</u>		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		0.
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? N/A	89g	
90 a	List the states with which a copy of this return is filed <u>AZ</u>	90b	89
b	Number of employees employed in the pay period that includes March 12, 2007		89
91 a	The books are in care of <u>JANIA ARNOLDI</u> Telephone no. <u>520-324-5437</u> Located at <u>2600 N. WYATT DR., TUCSON, AZ</u> ZIP + 4 <u>85712</u>		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country <u>N/A</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X

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Part VI Other Information (continued) **Yes No**

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c ☐ ☒
 If "Yes," enter the name of the foreign country N/A

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here ☐
 and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities (See the instructions.)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue					
a PATIENT SERVICES					16,278,777.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	181,954.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property			16	5,449.	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-246,094.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		-58,691.	16,278,777.
105 Total (add line 104, columns (B), (D), and (E))					16,220,086.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93A	FEES ARE FOR A RANGE OF SERVICES FOR CHRONICALLY ILL OR DISABLED CHILDREN AND THEIR FAMILIES. THESE SERVICES ACCOMPLISH THE PURPOSE OF PROVIDING CARE TO CHILDREN WITH SPECIAL NEEDS. SEE PART III.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
N/A	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
 (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

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Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13) **N/A**

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here: *Tania Arnoldi* Signature of officer Date: *2/7/09*

Type or print name and title: *Tania Arnoldi CEO*

Paid Preparer's Use Only: Preparer's signature: *Q. M. [Signature], CPA* Date: *2/4/09* Check if self-employed: ☐ Preparer's SSN or PTIN (See Gen. Inst. X): *EIN*

Firm's name (or yours if self-employed), address, and ZIP + 4: **BEACHFLEISCHMAN PC**
P.O. BOX 64130
TUCSON, ARIZONA 85728-4130

Phone no.: **(520) 321-4600**

Form **990** (2007)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

2007

Name of the organization **CHILDREN'S CLINICS FOR REHABILITATIVE SERVICES** Employer identification number **86 0667510**

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
TERESA WYATT 2600 N. WYATT, TUCSON, AZ 85712	DIR OF REHAB 40.00	86,600.	8,186.	
GAIL HAMILTON-ZANDER 2600 N. WYATT, TUCSON, AZ 85712	DIR OF HEALTH CARE 40.00	83,823.	8,867.	
RUSSELL J. ZAUCHA 2600 N. WYATT, TUCSON, AZ 85712	DIR OF IT 40.00	79,599.	9,318.	
JOAN CORRINE O'BRIEN 2600 N. WYATT, TUCSON, AZ 85712	DIR OF COMPLIANCE 40.00	74,192.	3,262.	
WILLIAM A. MAYO 2600 N. WYATT, TUCSON, AZ 85712	PROGRAMMER 40.00	59,740.	11,004.	
Total number of other employees paid over \$50,000	9			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
UNIVERSITY MEDICAL CENTER 1501 N. CAMPBELL AVE., TUCSON, AZ 85724	MEDICAL SERVICES	2,316,021.
UNIVERSITY PHYSICIANS HEALTHCARE 2701 E. ELVIRA RD., TUCSON, AZ 85706	MEDICAL SERVICES	1,758,738.
TUCSON MEDICAL CENTER 5301 E. GRANT RD., TUCSON, AZ 85712	MEDICAL SERVICES	1,473,806.
HANGER PROSTHETICS 4951 E. GRANT ROAD #127, TUCSON, AZ 85712	MEDICAL SERVICES	478,969.
RISING MEDICAL, LLC 5743 E. SPEEDWAY BLVD., TUCSON, AZ 85712	MEDICAL SERVICES	420,008.
Total number of others receiving over \$50,000 for professional services	15	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
WAL-MART STORES P.O. BOX 502138, ST. LOUIS, MO 63150	PRESCRIPTIONS	1,142,929.
LABORATORY CORPORATION OF AMERICA 3930 E. WATKINS, #300, PHOENIX, AZ 85034	LAB TESTING	124,483.
MEDSCRIBE TRANSCRIPTIONS SERVICE 3325 HENDRICKS AVE. # A, JACKSONVILLE, FL 32207	TRANSCRIPTIONS	110,607.
Total number of other contractors receiving over \$50,000 for other services	0	

CHILDREN'S CLINICS FOR

Schedule A (Form 990 or 990-EZ) 2007 **REHABILITATIVE SERVICES**

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Part III **Statements About Activities** (See page 2 of the instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1	X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities?	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE STATEMENT 8	2d	X
e Transfer of any part of its income or assets?	2e	X
3 a Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a	X
b Did the organization have a section 403(b) annuity plan for its employees?	3b	X
c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c	X
d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	X
4 a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	X
b Did the organization make any taxable distributions under section 4966?	4b	N/A
c Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A
d Enter the total number of donor advised funds owned at the end of the tax year ►	0	
e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ►	N/A	
f Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ►	0.	
g Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year ►	0.	

Schedule A (Form 990 or 990-EZ) 2007

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 ☒ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state **▶** _____
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
☐ Type I ☐ Type II ☐ Type III-Functionally Integrated ☐ Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total ▶					

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

Schedule A (Form 990 or 990-EZ) 2007

**CHILDREN'S CLINICS FOR
REHABILITATIVE SERVICES**

Schedule A (Form 990 or 990-EZ) 2007

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Part IV-A **Support Schedule** (Complete only if you checked a box on line 10, 11, or 12) **Use cash method of accounting.** **N/A**
Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	0.	0.	0.	0.	0.
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 ▶ **26a** **N/A**

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. **Do not file this list with your return.** Enter the total of all these excess amounts ▶ **26b** **N/A**

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ **26c** **N/A**

d Add: Amounts from column (e) for lines: 18 _____ 19 _____
22 _____ 26b _____ ▶ **26d** **N/A**

e Public support (line 26c minus line 26d total) ▶ **26e** **N/A**

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** **N/A** %

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." **Do not file this list with your return.** Enter the sum of such amounts for each year:

(2006)	(2005)	(2004)	(2003)
--------	--------	--------	--------

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:

(2006)	(2005)	(2004)	(2003)
--------	--------	--------	--------

c Add: Amounts from column (e) for lines: 15 _____ 16 _____
17 _____ 20 _____ 21 _____ ▶ **27c** **N/A**

d Add: Line 27a total _____ and line 27b total _____ ▶ **27d** **N/A**

e Public support (line 27c total minus line 27d total) ▶ **27e** **N/A**

f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) ▶ **27f** **N/A**

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ **27g** **N/A** %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ **27h** **N/A** %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. **Do not file this list with your return.** Do not include these grants in line 15.

Part V Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		
b Admissions policies?		
c Employment of faculty or administrative staff?		
d Scholarships or other financial assistance?		
e Educational policies?		
f Use of facilities?		
g Athletic programs?		
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34 a Does the organization receive any financial aid or assistance from a governmental agency?		
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation		

Schedule A (Form 990 or 990-EZ) 2007

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check ☒ **a** if the organization belongs to an affiliated group.

Check ☐ **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for all electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	N/A	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)		
38 Total lobbying expenditures (add lines 36 and 37)		
39 Other exempt purpose expenditures		
40 Total exempt purpose expenditures (add lines 38 and 39)		
41 Lobbying nontaxable amount. Enter the amount from the following table -		
If the amount on line 40 is -		
Not over \$500,000	20% of the amount on line 40	
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	
Over \$17,000,000	\$1,000,000	
42 Grassroots nontaxable amount (enter 25% of line 41)		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A (e) Total
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a** Volunteers
- b** Paid staff or management (Include compensation in expenses reported on lines c through h.)
- c** Media advertisements
- d** Mailings to members, legislators, or the public
- e** Publications, or published or broadcast statements
- f** Grants to other organizations for lobbying purposes
- g** Direct contact with legislators, their staffs, government officials, or a legislative body
- h** Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i** Total lobbying expenditures (Add lines c through h.)

Yes	No	Amount
		0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 14 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

- a Transfers from the reporting organization to a noncharitable exempt organization of:**

- (i) Cash

- (ii) Other assets

- b Other transactions:**

- (i) Sales or exchanges of assets with a noncharitable exempt organization**

- (ii) Purchases of assets from a noncharitable exempt organization**

- (iii) Rental of facilities, equipment, or other assets

- (iv) Reimbursement arrangements**

- (v) Loans or loan guarantees**

- (vi) Performance of services or membership or fundraising solicitations**

- c Sharing of facilities, equipment, mailing lists, other assets, or paid employees**

- d** If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

N/A

[illegible]

- 52 a** Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐

► ☐ Yes ☒ No

- b** If "Yes," complete the following schedule:

N/A

[illegible]

990

990

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

FORM 990	RENTAL INCOME	STATEMENT	1
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KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
RENTAL INCOME - NON DEBT FINANCED PROPERTY	2	5,449.
TOTAL TO FORM 990, PART I, LINE 6A		5,449.

FORM 990	GAIN (LOSS) FROM SALE OF OTHER ASSETS	STATEMENT	2
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DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
IMPAIRMENT OF SOFTWARE	07/01/07	06/30/08	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	246,094.	0.	0.	-246,094.
FO FM 990, PART I, LN 8		246,094.	0.	0.	-246,094.

FORM 990

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

STATEMENT

3

DESCRIPTION OF PROGRAM SERVICE ONE

THE CHILDREN'S CLINICS FOR REHABILITATIVE SERVICES, IN KEEPING WITH ITS TAX-EXEMPT PURPOSES, HAS CONTINUED TO PROVIDE A RANGE OF SPECIALTY MEDICAL, DENTAL, AND THERAPY SERVICES FOR MEDICALLY COMPLEX, CHRONICALLY ILL OR PHYSICALLY DISABLED CHILDREN AND THEIR FAMILIES FROM SOUTHERN ARIZONA. THE MAJORITY OF OUR PATIENTS ARE MEDICALLY UNDERSERVED AND FINANCIALLY UNDERPRIVILEGED. UNIQUE TO OUR PROGRAM IS A PEDIATRIC PRIMARY CARE PROGRAM DESIGNED FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS, ONE OF THE FEW PROGRAMS NATIONALLY THAT CENTERS SPECIFICALLY ON CHILDREN WITH COMPLEX NEEDS.

THE VOLUME OF VISITS TO OUR MEDICAL/DENTAL SPECIALTY CLINICS, REHAB SERVICES AND ANCILLARY SERVICES DURING FISCAL YEAR 06/08 ARE SHOWN BELOW.

IN ADDITION TO THESE SERVICES, WE PROVIDED SOCIAL SERVICES, SPECIAL EDUCATION, PSYCHOLOGY, CHILD LIFE AND ADVOCACY SERVICES TO OUR PATIENTS. THE SOCIAL WORK VISITS ARE ALSO SHOWN BELOW. WE CONTINUE TO PROVIDE A VARIETY OF SPECIAL PROGRAMS AND OUTREACH SERVICES TO OUR PATIENT POPULATION AND COLLABORATE WITH OTHER COMMUNITY ORGANIZATIONS AND AGENCIES THAT SERVE CHILDREN WITH SPECIAL HEALTH CARE NEEDS. FOR EXAMPLE, WE HAVE CONTINUED TO DEVELOP TRANSITION SERVICES FOR OUR OLDER PATIENTS AS THEY MOVE INTO ADULTHOOD.

CHILDREN'S CLINICS HAS CONTINUED TO IMPLEMENT STAFF EDUCATION PROGRAMS FOR OUR EMPLOYEES. WE HAVE HOSTED IN-SERVICE AND CONTINUING EDUCATION MEETINGS IN OUR FACILITY AND HAVE MADE THE FACILITY AVAILABLE TO OTHER COMMUNITY AND ADVOCACY GROUPS. WE HAVE CONTINUED TO MAINTAIN EDUCATIONAL AFFILIATIONS IN A NUMBER OF CLINICAL AREAS ENABLING MEDICAL AND ALLIED HEALTH STUDENTS TO ROTATE THROUGH OUR FACILITY FOR PORTIONS OF THEIR CLINICAL EDUCATION EXPERIENCE. WE MAINTAIN A PARENT RESOURCE LIBRARY ON SITE, IN COLLABORATION WITH PILOT PARENTS, FOR THE USE OF PARENTS AND OTHERS WHO WANT TO KNOW MORE ABOUT THEIR CHILDREN'S MEDICAL CONDITIONS AND AVAILABLE RESOURCES.

OUR PRIMARY SERVICE AREA INCLUDES ZIP CODES FOR ALL OF PIMA, SANTA CRUZ, COCHISE, GRAHAM, AND GREENLEE COUNTIES, AS WELL AS SOUTHERN AND CENTRAL PIMA COUNTY AND THE SOUTHERN TIP OF

SEILA COUNTY (WINKLEMAN/HAYDEN AREA). SOME REFERRAL PATIENTS
COME FROM OUTSIDE THIS PRIMARY SERVICE AREA FOR SELECTED
SPECIALTY SERVICES.

CLINICAL STATISTICAL PROFILE FOR FYE 6/30/08

MEDICAL/DENTAL CLINIC VISITS	8,453
REHAB SERVICE VISITS	4,586
X-RAY PROCEDURES	1,007

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE A		14,936,256.

FORM 990	NON-GOVERNMENT SECURITIES	STATEMENT	4
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SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
CASH EQUIVALENTS	COST			1,864,686.	1,864,686.
TO FORM 990, LINE 54A, COL B				1,864,686.	1,864,686.

FORM 990	GOVERNMENT SECURITIES	STATEMENT	5
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DESCRIPTION	COST/FMV	U.S. GOVERNMENT	STATE AND LOCAL GOV'T	TOTAL GOV'T SECURITIES
U.S. TREASURY SECURITIES	COST	1,193,892.		1,193,892.
TOTAL TO FORM 990, LINE 54A, COL B		1,193,892.		1,193,892.

FORM 990	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT	STATEMENT	6
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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
LEASEHOLD IMPROVEMENTS	317,696.	189,806.	127,890.
EQUIPMENT	3,394,451.	2,760,561.	633,890.
WORK IN PROCESS	233,953.	0.	233,953.
TOTAL TO FORM 990, PART IV, LN 57	3,946,100.	2,950,367.	995,733.

FORM 990	PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES	STATEMENT	7
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NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
MARGARET J. BEMIS 2600 N. WYATT DRIVE TUCSON, AZ 85712	CHIEF EXECUTIVE OFFICER 40.00	151,365.	7,269.	0.
JANIA ARNOLDI 2600 N. WYATT DRIVE TUCSON, AZ 85712	CHIEF FINANCIAL OFFICER 40.00	69,171.	3,951.	0.
EDITH JORDAN, R.N. 2600 N. WYATT DRIVE TUCSON, AZ 85712	CHIEF OPERATING OFFICER 40.00	93,422.	8,560.	0.
TRACY NUCKOLLS 2600 N. WYATT DRIVE TUCSON, AZ 85712	PRESIDENT 0.50	0.	0.	0.
KEVIN BURNS 2600 N. WYATT DRIVE TUCSON, AZ 85712	VICE-PRESIDENT 0.50	0.	0.	0.
JOHN STEPHENS, M.D. 2600 N. WYATT DRIVE TUCSON, AZ 85712	CORPORATE SECRETARY 0.50	0.	0.	0.
PAT EDMONSON 2600 N. WYATT DRIVE TUCSON, AZ 85712	RECORDING SECRETARY 0.50	0.	0.	0.

CHILDREN'S CLINICS FOR REHABILITATIVE SE

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VILLIAM LONG 2600 N. WYATT DRIVE TUCSON, AZ 85712	TREASURER 0.50	0.	0.	0.
JICKY BEGAN, R.N. 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
ROGER BIEDE II, D.D.S. 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
CHRIS CUNNIFF, M.D. 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
C.L. DEIBEL 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
PALMER EVANS, M.D. 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
FAYEZ GHISHAN, M.D. 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
LAWRENCE HOUSEMAN, M.D. 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
DIANA SHELTON 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
BURT STRUG, M.D. 2600 N. WYATT DRIVE TUCSON, AZ 85712	VOTING MEMBER 0.50	0.	0.	0.
SYDNEY RICE, M.D. 2600 N. WYATT DRIVE TUCSON, AZ 85712	NON-VOTING MEMBER 0.50	0.	0.	0.
BRUCE RICK 2600 N. WYATT DRIVE TUCSON, AZ 85712	NON-VOTING MEMBER 0.50	0.	0.	0.

TOTALS INCLUDED ON FORM 990, PART V-A

313,958.	19,780.	0.
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SCHEDULE A	EXPLANATION OF TRANSACTIONS PART III, LINE 2C	STATEMENT	8
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IN KEEPING WITH ITS TAX-EXEMPT PURPOSE, CHILDREN'S CLINICS CONTRACTS WITH A VARIETY OF PHYSICIAN PRACTICES IN ORDER TO PROVIDE PROFESSIONAL MEDICAL SERVICES TO THE CHRONICALLY ILL OR DISABLED CHILDREN WHOM IT SERVES. THE FOLLOWING NONCOMPENSATED MEMBERS OF THE BOARD OF DIRECTORS ENGAGED IN ARM'S LENGTH TRANSACTIONS WITH CHILDREN'S CLINICS IN THE NORMAL COURSE OF BUSINESS AND AT THE PREVAILING RATES FOR PROVIDING THESE SERVICES. THESE PHYSICIANS ARE ASSOCIATED WITH THE FOLLOWING PHYSICIAN GROUPS:

PALMER EVANS, M.D. - TUCSON MEDICAL CENTER
FAYEZ GUISHAN, M.D. - UA COLLEGE OF MEDICINE
HARMON HARRISON, M.D. - SQUARE & COMPASS
ROGER BIEDE II, D.D.S. - SQUARE & COMPASS
LAWRENCE HOUSEMAN, M.D. - TUCSON ORTHOPAEDIC INSTITUTE

AMENDED AND RESTATED
BYLAWS OF
CHILDREN'S CLINICS FOR REHABILITATIVE SERVICES

Pursuant to Article X of the Bylaws of Children's Clinics for Rehabilitative Services, and to a resolution duly adopted by its Board of Directors in compliance with Article VI, Section 6.12 of said Bylaws, this corporation hereby amends its Bylaws in their entirety and adopts these Amended and Restated Bylaws as follows:

Article I: Corporate Purpose

This corporation is organized exclusively for charitable and educational purposes and shall always be operated as a nonprofit, charitable and educational organization. No dividends of any nature whatsoever shall ever be declared and no profit shall ever accrue to any member, director or officer of the corporation, or to any other person, firm or corporation. The income of the corporation shall always be devoted to its exempt purpose. Upon the sale of any of the assets of the corporation, the proceeds shall be used for charitable purposes, and should the affairs and property of the corporation ever be liquidated, no profit of any sort shall accrue thereby to any person except the corporation, no liquidating dividend shall ever be declared, and the proceeds of any liquidations shall be used for charitable purposes. The members of the corporation shall support the corporation pursuant to the Articles of Incorporation and Bylaws of the corporation and pursuant to any agreements among the members. However, it is the policy and intent of the corporation that it exists and operates as a financially self-sufficient organization that is not dependent upon any of the members for continuing financial assistance.

Article II: Offices

The principal offices of the corporation shall be in Pima County, State of Arizona. The corporation may also have additional offices at such other places as the Board of Directors may from time to time designate, or as the business of the corporation may require.

Article III: Members

3.1 Membership Qualifications. Members must be either (i) nonprofit, charitable organizations which are exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended, and which are licensed by the State of Arizona to operate an acute care hospital or which own or control any nonprofit, charitable organization which is so licensed; or (ii) nonprofit, charitable organizations which are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code of 1986, as amended, that provides funds for the delivery of charitable health care services.

3.2 Initial Members. The initial members of this corporation shall be Tucson Medical Center, an Arizona nonprofit corporation ("TMC") and University Medical Center Corporation, an Arizona nonprofit corporation ("UMC"). TMC and UMC shall be equal members, each entitled to one vote on matters acted upon by the members. Square and Compass Crippled Children's Clinic, an Arizona nonprofit corporation ("S&C") shall not be a member of the corporation but shall participate in the operation of the corporation in accordance with these Bylaws. Neither the corporation nor S&C shall

represent that it is a member of the other organization and each organization shall at all times remain separate entities conducting their affairs independent of each other. Neither the corporation nor S&C shall represent that it is affiliated or associated with the other organization unless the manner, scope and purpose of the representation is previously approved by the corporation and S&C.

3.3 Transfer of Membership. Membership may not be transferred, conveyed or assigned at any time unless the unanimous consent of all members is obtained. The above notwithstanding, membership may be transferred to a parent or subsidiary of a member if such parent or subsidiary qualifies as a member pursuant to Section 3.1 of these Bylaws.

Article IV: Meetings of Members.

4.1 Annual Meeting. An annual meeting of the members shall be held on the second Wednesday in the month of May in each year; beginning with the year 1991, at an hour determined by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Arizona, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the existing Board of Directors shall continue as such until the election of their successors.

4.2 Special Meetings. Special meetings of the members may be called by the President, the Board of Directors, or not less than one-half (1/2) of all members entitled to vote at the meeting, and shall be held at the time, place and date and for the purpose specified in the notice thereof.

4.3 Place of Meeting. The Board of Directors may designate any place within Arizona as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made or if a special meeting is otherwise called, the place of meeting shall be at the known place of business of the corporation, but if all the members shall meet at any time and place, either within or without the State of Arizona, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

4.4 Notice of Meetings. Written notice stating the place, day and hour of any meeting, annual, special, or otherwise, of members shall be delivered, either personally, electronically by email, or by mail, to each member entitled to vote at such meeting, not less than seven nor more than fifty days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or members calling the meeting. In the case of a special meeting or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice

of meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid. Any member may waive notice of any meeting. The attendance of a member at any meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.5 Quorum. All members must be present at any meeting of the members for any action to be taken by the members. For the purpose of this section, a member shall be deemed to be present if at least one of the representatives of a member is present. If a quorum is not present at any meeting of members, the meeting of the members may be adjourned until a subsequent date and notice of such subsequent date shall be delivered to all members pursuant to these Bylaws.

4.6 Action by Resolution or Telecommunication. Any action to be taken at a meeting of the members may be taken without a meeting if consent in writing, setting for the action so taken, is signed by all of the members entitled to vote thereon with respect to the subject thereof. Any action to be taken at a meeting of directors may be taken at a meeting conducted by conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other, if a quorum of the members participates in such telephonic meeting.

4.7 Vote and Proxies. Any action by the members shall require the approval of all members entitled to vote. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by a duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution.

4.8 Organization. The President and Secretary of this corporation shall act as Chairman and Secretary respectively of each members' meeting, unless a majority of the members shall elect other persons to act as Chairman and Secretary of the members' meeting.

Article V: Board of Directors

5.1 General Powers. The affairs of the corporation shall be managed by its Board of Directors elected by the members.

5.2 Number and Tenure. The number of voting directors shall be nine (9) but the number may be changed by amendment to these Bylaws, provided, however, that the number of directors shall not be less than nine (9). There shall be no upper limit on the number of directors. Each director shall hold office for an annual term or until his or her successor shall have been elected and qualified. Directors may serve for successive and consecutive Terms without limitation.

5.3 Appointment of Directors. Directors shall be appointed as follows:

5.3.1 Two (2) directors shall be appointed by S&C;

5.3.2 Two (2) directors shall be appointed by TMC;

5.3.3 Two (2) directors shall be appointed by UMC.

(The directors appointed by S&C, TMC and UMC may be referred to herein as the "Organizing Directors".)

5.3.4 The President of the CCRS Clinic Medical Staff or a member of said Medical Staff designated by said President shall be appointed a director by the Organizing Directors.

5.3.5 A physician member of the CCRS Clinic Medical Staff who is engaged in the private practice of medicine in Pima County, Arizona and who is not a full-time faculty member of the University of Arizona College of Medicine ("College of Medicine") and also is not employed by any organization affiliated with the College of Medicine shall be selected and appointed a director by the Organizing Directors.

5.3.6 A physician member of the CCRS Clinic Medical Staff who is a full-time faculty member of the University of Arizona College of Medicine ("College of Medicine") shall be selected and appointed a director by the Organizing Directors.

Each of the foregoing nine (9) directors shall have a single and equal vote on the Board of Directors.

5.3.7 Additional persons may be selected to serve on the Board of Directors in accordance with Section 6.9.

5.4 Advisory Directors. The Board, in its sole discretion, may appoint additional non-voting directors for the purpose of advising the Board.

5.5 Annual Meeting. The annual meeting of the Board of Directors shall be held without other notice than these Bylaws immediately after, and at the same place as, the annual meeting of members. The Board of Directors may also meet either within or without the State of Arizona, as it shall from time to time determine.

5.6 Regular Meetings. There shall be at least 4 quarterly meetings a year, unless the Board decides otherwise. An annual board calendar shall be established and provided to the board members each year.

5.7 Special Meeting. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors.

5.8 Notice of Board Meeting. Written notice of all Board meetings shall be mailed by first class mail at least three (3) business days before or delivered

to each Director at least one (1) day before the date of the meeting, which notice shall in the case of special meetings, state generally the nature of the business to be taken up at the meeting. As an alternative, if a Director provides an email address or fax number, any notice that is required to be given by mail may be given by email or by fax, in lieu of by mail.

5.9 Waiver of Notice. Whenever any notice is required to be given to a Member or Director of this Corporation under the provisions of Arizona law or under the provisions of the Articles of Incorporation or Bylaws of this Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

5.10 Informal Action by Directors. Any action required to be taken at a meeting of the Board of Directors, or any other action which may be taken at a meeting of the Board of Directors or of any committee of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a majority of Directors or committee members, as the case may be, which would otherwise be required to approve the action if the action were taken at a meeting at which all Directors or committee members, as the case may be, were present. It is recognized that electronic communications and other methods of communication are changing, and it is the intent of the Board that any means of such communication shall be valid, including email, electronic signature, facsimile, etc. provided that there is a method for ascertaining that the person so communicating is indeed the person who should be communicating.

5.11 Meeting by Conference Telephone. Members of the Board of Directors or of any committee of the Board of Directors may participate in and act at any meeting of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, provided that a majority of such members consent in writing to the recording of such communications and provided that such recording is in fact made and becomes a part of the official corporate records. Participation in such a meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

5.12 Quorum. A quorum for the transaction of business at any meeting of the Board shall exist if a director appointed by S&C, TMC and UMC is present and if at least one (1) of the Physician Directors is present. If a quorum of directors is not present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

5.13 Manner of Acting. At each meeting of the Board of Directors, the President, or in his absence the Vice President, or, in the absence of both, a director chosen by a majority of the directors present, shall act as Chairman. The Secretary, or in his absence any person appointed by the Chairman, shall act as the Secretary of the meeting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, provided such majority includes a director appointed by S&C, TMC and UMC, unless a greater number is required by law or by these Bylaws.

5.14 Committees. The Board of Directors may appoint standing or special committees having duties and functions set forth in resolutions establishing the committees. Committees shall have advisory and administrative duties only and shall not have any powers of the Board of Directors. Members of committees shall serve at the pleasure of, and may be removed with or without cause at any time by, the Board of Directors. If any vacancy occurs in a committee, the vacancy shall be filled by the Board of Directors.

5.15 Compensation. Directors as such shall not receive any stated salaries for their service, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefore.

5.16 Conflicts. No contract or other transaction between the corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if:

1. The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or
2. The fact of such relationship or interest is disclosed or known to the members entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or
3. The contract or transaction is fair and reasonable to the corporation at the time the contract or transaction is authorized, approved or ratified, in light of the circumstances known to those entitled to vote thereon at that time.

5.16 Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors, shall be filled by a majority vote of the members present at a special meeting called for that purpose, unless these Bylaws specify that a directorship is to be filled by appointment, in which event the appointing authority shall appoint a successor director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

5.17 Resignations. Any director of the corporation may resign at any time by giving written notice to the Board of Directors, or to the President, or to the Secretary of the corporation. The resignation of any director shall take effect at any time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.18 Removal. Any Director who has three unexcused absences in any one year may, at the discretion of the Members, be removed from the Board.

5.19 Annual Review of Executive Director. The board shall conduct an annual review of the performance of the Executive Director. This review shall be conducted under a procedure and process to be developed by the Board. When the review is completed the Chairman of the Board shall share the review with the executive director.

Article VI: Major Decisions

Notwithstanding any other provision of these Bylaws, certain decisions of the Board of Directors shall be deemed "Major Decisions". Major Decisions must be approved by two-thirds (2/3) of the directors entitled to vote and must include the consent of one (1) director appointed by S&C, TMC and UMC. Major Decisions include the following actions:

6.1 Contributions. The assessment of the members for contributions to the corporation.

6.2 Debt. The incurrence of any debt or the making of any expenditure by or on behalf of the corporation in excess of amounts identified in the annual Budget as approved by the Board of Directors, or the guaranty of any obligation of any person or organization other than the corporation and the lending of any funds or property of the corporation in excess of \$50,000.00 to any officer, director, employee or agent of the corporation or any person or organization affiliated with any of the foregoing parties.

6.3 Acquisition: Disposition and Leases. The acquisition or disposition by purchase, sale or lease by the corporation of any real property or of any personal property with a value in excess of \$50,000.00; the lease by the corporation of that certain land and building located at 2600 North Wyatt Drive, Tucson, Arizona; and any amendment to said lease.

6.4 DHS Agreement. The execution or termination of any contract between the corporation and the State of Arizona Department of Health

Services and any contract between the corporation and any health care services organization, health maintenance organization, preferred provider organization, indemnity insurer or other purchaser or payer of healthy care services.

6.5 Provider Agreements. The execution or termination of any agreement between the corporation and any physician, hospital or other person or organization providing professional medical services pursuant to said agreement, but not including the nonrenewal of said agreements and not including the employment of persons not licensed to provide professional medical services.

6.6 Changes. The making of any material and substantial change in the type of services provided by the corporation or other material and substantial change in the business of the corporation.

6.7 Lawsuits. The prosecution, defense or settlement of any cause of action by or against the corporation.

6.8 Insolvency. The taking of any action to obtain relief from creditors of the corporation, including but not limited to, assignment of property of the corporation for the benefit of creditors, or the purchase of any property of the corporation seized and sold by creditors of the corporation.

6.9 Officers and Directors. The selection of other persons to serve on the Board of Direction, the election of officers of the corporation, and the removal of any officer or director, with or without cause.

6.10 Members. The expulsion of a member pursuant to the Members Agreement or the addition of a member.

6.11 Other. Any decision or action which the Board of Directors deems a Major Decision and any decision or action which, by applicable law, requires approval of the members of the corporation.

Article VII: Member Decisions

Notwithstanding any other provision of these Bylaws, certain decisions of the Board of Directors shall be deemed "Member Decisions". Member Decisions must be approved by unanimous agreement of the Organizing Directors entitled to vote. Member Decisions include the following actions:

7.1 The amendment of this Corporation's Articles of Incorporation or Bylaws;

7.2 The acquisition or creation of any subsidiary or controlled corporation;

7.3 The merger or consolidation of this Corporation with another corporation, or the entering into any joint venture, partnership, limited liability company, or other business venture with a third party;

- 7.4 The dissolution or liquidation of this Corporation;
- 7.5 The expenditure of any funds in excess of those previously approved in the capital and operating budgets of this Corporation;
- 7.6 The entering into any loan, indebtedness, guaranty, security interest, mortgage, surety, hypothecation;
- 7.7 The disposition of any of its assets in excess of such monetary sum as the Members may determine from time to time to any person other than to the Members or a subsidiary of the Members;
- 7.8 The appointment of an independent auditor or hiring of independent counsel;
- 7.9 The approval of the annual operating and capital budgets and any material or substantial modification or amendment thereof; and
- 7.10 The selection, removal or replacement of a board member.

Article VIII: Officers.

8.1 Officers. The officers of the corporation shall be a President, a Vice President, a Secretary, a Treasurer and such other officers as may be elected in accordance with these Bylaws. The Board of Directors may elect or appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such officers to have the authority to perform the duties prescribed, from time to time, by the Board of Directors. Any member of the Board of Directors may be an officer of the corporation.

8.2 Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. The election of officers shall constitute a Major Decision of the Board requiring super majority pursuant to Article VI of these Bylaws. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

8.3 Removal or Resignation. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall take effect at the time of receipt of such notice, or any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

8.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

8.5 President. The President shall be the principal executive officer of the corporation and shall supervise and control all of the business and affairs of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He may sign any deeds, mortgages, bonds, contracts or other instruments which the board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the corporation. In general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

8.6 Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

8.7 Secretary. The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records; keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

8.8 Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever; and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories, and in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

8.9 Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors.

Article IX: Administrative Matters

9.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so

authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

9.2 Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the President and countersigned by the Treasurer of the corporation.

9.3 Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such federally insured banks, trust companies, savings and loan associations or other depositories as the Treasurer may select. The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members and Board of Directors, and shall keep a record giving the names and addresses of the members entitled to vote.

9.4 Books and Records. The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees thereof. All books and records of the corporation may be inspected by any directors, or his agent or attorney for any proper purpose at any reasonable time.

9.5 Fiscal Year. The fiscal year of the corporation shall begin on the first day of July and end on the last day of June in each year.

Article X: Professional Staff.

10.1 Professional Staff Organizations. This corporation shall continuously have and maintain a professional staff. The term "professional staff" shall be interpreted to include all physicians, dentists, and such other professionals as authorized by the Board (Professionals") who are privileged to attend patients of this corporation. Professionals granted privileges at the Clinic operated by the corporation ("Clinic") shall be organized into a professional staff under staff bylaws approved by the Board. The Board shall consider recommendations of the professional staff for membership and clinical privileges, and shall appoint to the professional staff, in number not exceeding the Clinic's needs, physicians, dentists, and such other professionals who meet the qualifications for membership as set forth in said bylaws. Only members of the professional staff may attend patients. Each member of the professional staff shall have appropriate authority and responsibility for the medical aspects of his patient's care, subject to such limitations as are contained in these Bylaws, and in the bylaws, rules and regulations of the professional staff and subject, further, to any limitations attached to his appointment(s).

10.2 Professional Staff Appointments. All applications for appointment to the professional staff shall be in writing and addressed to the president of the corporation. The applications shall contain full information regarding the applicant's identity, current health status, licensure, professional experience, and education, any unfavorable history with regard to licensure or hospital/clinic privileges and such further information as this corporation may require. The application must be accompanied by a letter showing compliance with the financial responsibility requirements of the Board. This information shall be verified by the credentials committee of the professional staff.

10.3 Appointment of Initial Professional Staff. The initial membership of the professional staff shall include applicants from the membership of the existing medical staff of Crippled Children's Clinic ("Tucson Clinic"), as selected by the Board pursuant to an adopted Board resolution setting forth the specific appointment and credentialing processes.

10.4 Duration of Appointments. Appointments to the professional staff shall generally be for a period of two (2) years. The Board shall require the professional staff bylaws to set forth clearly defined criteria for the appointment and reappointment of professional staff members, and, when an appointment is not to be renewed, or when privileges have been or are proposed to be reduced, altered, suspended or terminated, an opportunity for a hearing before the medical executive committee or the credentials committee of the professional staff, whose recommendation shall be considered by the Board prior to taking final action. Such hearing shall be conducted under procedures adopted by the Board to insure due process and to afford full opportunity for the presentation of all pertinent information.

10.5 Physician and Dentist Employees. Physicians and dentists employed by the corporation, either full-time or part-time, whose duties are medical administrative in nature and include clinical responsibilities or functions with the professional staff, involving their professional capability as physicians or dentists, must be members of the professional staff, shall also be governed by this Article. Physicians or dentists whose engagement by this corporation requires membership on the professional staff shall not have their professional staff privileges terminated without compliance with the due process provisions provided by the approved professional staff bylaws, unless otherwise stated in the contract.

10.6 Delegation of Responsibility to the Professional Staff. The Board shall, in the exercise of its overall responsibility, assign to the professional staff reasonable authority for ensuring appropriate professional care to patients and adherence to the ethical principles of the profession.

10.7 Medical Care Evaluation. The professional staff shall conduct an on-going review and appraisal of the quality of professional care rendered in the Clinic, and shall provide to the Board written medical care evaluation reports on a regular basis.

10.8 Recommendations of the Professional Staff to the Board. The professional staff shall make recommendations to the Board concerning: (a) appointments, reappointments and other changes in professional staff status; (b) granting of clinical privileges; (c) disciplinary actions; (d) all matters relating to professional competency; and (e) such specific matters that may be referred to by the Board.

10.9 Professional Staff Bylaws. The professional staff shall adopt bylaws, rules and regulations for the professional staff which shall set forth its organization and governance and shall become effective when approved by the Board.

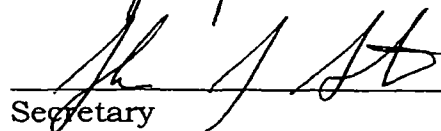
Article XI: Indemnification of Officers, Directors and Employees.

To the extent permitted by law, this corporation shall indemnify every director, officer or employee of the corporation against all expenses, liabilities and penalties, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of any acts or commissions alleged to have been committed by him or her while acting within the scope of his or her employment as a director, officer or employee of the corporation, including any settlement thereof provided that the Board of Directors determines that such person acted in good faith and did not act, fail to act or refuse to act willfully, with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or proceeding.

Article XII: Amendment to Bylaws.

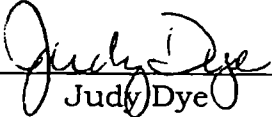
Unless otherwise specified in the Articles of Incorporation, as they may be amended from time to time, the Bylaws of this corporation may be altered, amended or repealed, or new Bylaws may be adopted, by the Board of Directors pursuant to Section 7.1 hereof, at any annual or special meeting called for such purpose in the manner provided herein.


Approved by the Board of Directors as of the 26th day of July 2006


Secretary

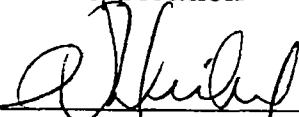
APPROVAL OF THE ORGANIZING DIRECTORS

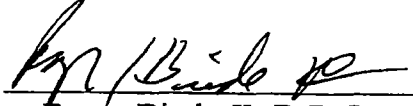
University Medical Corporation,
an Arizona nonprofit
corporation

By: 
Judy Dye

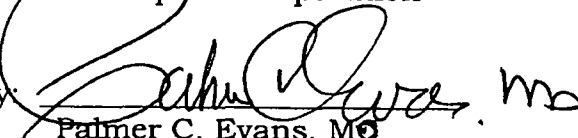
By: 
Kevin Burns


Square and Compass Crippled
Children's Clinic, an Arizona
nonprofit corporation

By: 
C.L. Diebel

By: 
Roger Biede II, D.D.S.

Tucson Medical Center, an
Arizona nonprofit corporation

By: 
Palmer C. Evans, MD

By: 
Tracy P. Nuckolls

Form **8868**

(Rev. April 2008)

Department of the Treasury
Internal Revenue Service**Application for Extension of Time To File an
Exempt Organization Return**

OMB No. 1545-1709

▶ File a separate application for each return

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
 - If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).
- Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.**

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed)

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on e-file for Charities & Nonprofits.

Type or print	Name of Exempt Organization CHILDREN'S CLINICS FOR REHABILITATIVE SERVICES	Employer identification number 86-0667510
	Number, street, and room or suite no. If a P.O. box, see instructions. 2600 NORTH WYATT DRIVE	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. TUCSON, AZ 85712	

Check type of return to be filed (file a separate application for each return).

- | | | |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- The books are in the care of ▶ **JANIA ARNOLDI**
Telephone No. ▶ **520-324-3217** FAX No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension will cover.

- 1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until **FEBRUARY 16, 2009**, to file the exempt organization return for the organization named above. The extension is for the organization's return for.

▶ ☐ calendar year _____ or
▶ ☒ tax year beginning **JUL 1, 2007**, and ending **JUN 30, 2008**

- 2 If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	\$
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$ N/A

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev. 4-2008)

Copy provided to Alanna 11/13/2008. /AC