



2013 Annual Operating Plan

Children's Miracle Network Hospitals

Executive Summary

“Together we save kids lives” has become the clarion call for stakeholders of Children’s Miracle Network Hospitals. Our stakeholders have stepped up to the challenge to raise \$1 billion annually for children’s hospitals. Fundraising increased by \$30 million in 2011, and the same strong growth continues as we near the end of 2012 with a \$290 million forecast. In 2013, we will grow overall fundraising from \$290 million to \$314 million.* Below is a high-level view of our 2013 Annual Operating Plans.

HOSPITAL SUPPORT

Children’s Miracle Network Hospitals exists to serve children’s hospitals and foundations. Our Hospital Relations team will continue to be on the front line daily serving our hospitals through the following initiatives in 2013:

- Ensure a higher return on investment on fundraising initiatives.
- Deliver maximum fundraising by providing regional support.
- Improve communications and deepen relationships.
- Address fundraising area alignment issues as they arise.
- Focus on membership eligibility and participation standards.

CORPORATE PARTNERSHIPS

National corporate partners are the lifeblood of CMN Hospitals’ fundraising representing more than 60% of total funds raised for member hospitals. In 2013, we will grow Corporate Partnerships from \$176 million to \$191 million by focusing on the following:

- Grow corporate partnerships by focusing resources on opportunities with the greatest possible fundraising value and enhancing our stewardship activities.
- Acquire new corporate partners that provide the highest fundraising value.
- Create collaboration and connection opportunities; utilize communications and tools to help our partners “Network the Network”.

PROGRAM AND EVENT FUNDRAISING

Program and event fundraising presents a unique opportunity to connect with people in activities they enjoy while raising significant funds for member hospitals. These activities accounted for 30% of total funds raised through CMN Hospitals and generate a significant volume of new donors. In 2013, we will grow Program & Event Fundraising from \$78 million to \$87 million by focusing on the following:

- Identify, cultivate, activate and motivate key communities (e.g. radio, youth, Hispanic, gamers, runners/walkers and others) in raising funds and awareness for member hospitals.
- Effectively tell the story of the patients and families of CMN Hospitals.
- Develop and test a new national signature event to generate funds and awareness for our hospitals.
- Capture new donors and create affinity for member hospitals while creating new programs and events that generate a minimum of \$1 million by year three.

CAUSE INNOVATION

Innovation is critical to CMN Hospitals’ future. Connecting and transforming ideas into new ways of raising funds, relating to donors and deepening understanding of our cause will be the products of our cause innovation initiative. In 2013, we will grow Cause Innovation by \$1 million in fundraising through a focus on the following:

- A culture of Billion-Dollar Thinking in 2012 created three new fundraising concepts that will be launched in 2013: Give Miracles, Agency for Good and Miracle Corps.
- Three to five additional concepts are in development and ready for testing in 2013.



AWARENESS POSITIONING

Many hospitals are not thought of as charities. We will generate awareness to position local hospitals as critical charitable organizations in need of philanthropic support. To increase fundraising and understanding of the needs of children's hospitals, we will continue moving forward the following initiatives in 2013:

- Leverage and grow the charitable brand of Children's Miracle Network Hospitals.
- Strengthen corporate campaigns, and programs and events fundraising initiatives with high-quality professional public relations, communications and creative services.
- Develop creative content in broadcast, print and new media for the 2013 Public Education Campaign.
- Move to a new model of celebrity involvement, which creates awareness and generates funds.
- Execute a comprehensive social media plan.

COMMUNITY

Technology is changing the way we relate to people interested in our cause. To prepare for the future, CMN Hospitals will develop specific plans to capture donors, event organizers and advocates for member hospitals and foundations. In 2013, our focus will continue on the following, which includes raising \$5 million for member hospitals through our direct marketing programs:

- Acquire individual data of participants in current fundraising campaigns, programs and events. Provide the data to member hospitals.
- Build affinity for and interest in member hospitals by engaging participants in experiential activities that benefit member hospitals.
- Grow and enhance direct marketing services and explore new products and services for the benefit of member hospitals.

CANADA

Canadian fundraising activities accounted for 17.4% of total funds raised by CMN Hospitals in 2011. While some of our programs and partnerships span both countries, many are unique to Canada. To appropriately address the cultural, geographic and regulatory differences, our Canadian staff will guide and support the development and implementation of any plans affecting Canadian stakeholders. In 2013, we will grow fundraising for Canadian foundations from our forecast \$48 million to \$50 million by concentrating on the following:

- Focus on our Five-Year Plan and strategic plans for fundraising and awareness.
- Invest in new opportunities and alignment with Canadian foundation partners.
- Embrace culture and assert integration of North American operations and streamline efforts.
- Develop staff to highest potential.

ADMINISTRATION

Every activity of Children's Miracle Network Hospitals must be grounded in sound business practices. To lead these disciplines in 2013, Administration will focus on the following initiatives:

- Implementation of our 2013 Annual Operating Plans aligned with our Five-Year Strategic Plan.
- Development and delivery of real-time on-demand financial reporting and analysis information.
- Business Insights will lead a disciplined approach to analyzing our fundraising performance and comparative data, along with market research to support smart decisions.
- Corporate Integrity will guide our activities through compliance and legal requirements.

HUMAN RESOURCES

Attracting and retaining the right people, in the right jobs, with the right skills and training will put us in the best possible position to achieve our goal. In order to meet our 2013 goals, we will:

- Drive culture change toward the new beliefs that will get billion dollar results.
- Lead the future of our organization by developing leaders at all levels of the organization.
- Building the right team through quality HR services and a supportive work environment.

EXECUTIVE

Our chief executive will continue providing leadership with an intense focus on culture that supports the strategy to drive fundraising to \$1 billion annually. In 2013, his focus will include:

- Driving culture change throughout the organization.
- Mentoring staff and inculcating our mission, vision and values.
- Strengthening hospital and foundation relationships.
- Engaging leaders within our partnerships and programs.
- Advocating key strategy changes—Innovation, Collaboration, Digital, Community, Priorities and Budget.
- Converting Celebration to a fundraising event.
- Addressing and improving the business operating model.

Hospital/Foundation Support

5
YEAR
STRATEGY

Children's Miracle Network Hospitals exists to serve children's hospitals and foundations. To serve our hospitals and foundations more effectively, we will improve the fundraising value of hospital membership in the following ways.

- 1 Ensure membership fees represent a significant return on investment by increasing total dollars raised and overall value through efficient and effective operations; and determining whether a new fee structure model that rewards individual hospital performance is needed.
- 2 Increase our ability to deliver maximum fundraising by strengthening the regional team's impact and reach in supporting corporate campaigns and other programs and events.
- 3 Improve communications and deepen relationships by understanding member hospital needs and increasing communications between national staff and hospital staff at multiple levels.
- 4 Resolve fundraising area alignment issues on a case-by-case basis as a short-term measure and collecting patient service data to evaluate whether a network-wide realignment would help raise more money.
- 5 Establish, strengthen and enforce membership eligibility and participation standards in the following ways. Define member hospitals responsibilities as a member of the Network; define CMN Hospitals' responsibilities to members of the Network; evaluate current eligibility and participation requirements in concert with members and update as appropriate and enforce agreed membership standards.



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Ensure Higher Return On Investment From Fundraising Initiatives

- a. Provide tools and resources to support the implementation of fundraising partnerships and programs at the local level.
- b. Establish a plan to work with all constituents to listen, gather feedback and explore opportunities for new tools aimed at increasing fundraising.
- c. Develop, implement and measure a training program designed to enhance program director experience and increase efficiency.
- d. Develop and implement a Preferred Supplier/Approved Vendor Program.
- e. Research and develop a new structure of CMN Hospitals' membership fees.
- f. Develop a plan to grow local fundraising through a web-based application.
- g. Create and execute a Proud Partner plan designed to enhance the partnership and ultimately result in increased funds and awareness.

2 Deliver Maximum Fundraising by Providing Regional Support

- a. Develop a regional workbook and customized plan for each market.
- b. Support the corporate partner campaigns, national programs and events, and innovation team. Whenever possible, we will provide real-time campaign reporting for top corporate partners.
- c. Build leadership engagement and regional plan through identification of corporate regional leadership from national partners, and development and implementation of engagement plan.
- d. Develop region expertise.
- e. Implement a collaboration strategy
- f. Test Miracle Corps concept.
- g. Focus additional staffing and resources in the New York/ New Jersey market to establish clear guidelines and cultivate regional fundraising effort.

3 Improve Communications and Deepen Relationships

- a. Hospitals are our #1 customer.
- b. Create and execute an internal communications plan to ensure all departments are working cohesively and effectively to best support our hospital partners.
- c. Execute and evaluate the region meetings, cluster meetings and monthly region calls including training and hospital staff needs.
- d. Be deliberate and strategic in our efforts to recognize our hospitals and hospital personnel.
- e. Develop a plan to demonstrate the impact or results of corporate partner contributions within the hospitals. Gather aggregate data on hospitals' impact in their communities.
- f. Develop a relationship enhancement program with program directors, which will include a training initiative for national staff to shadow program directors.
- g. Develop and implement a plan to connect with chief development officers.
- h. Investigate the need for additional staffing to develop and implement local fundraising strategy and additional projects outlined in the plan.

4 Address Fundraising Area Alignment Issues

- a. Continue to address alignment issues as they arise.
- b. Conduct a study to determine whether a network-wide realignment would help raise more money for member hospitals.
- c. Establish and execute an education campaign on the impact of realigning territories.

5 Focus on membership eligibility and participation standards.

- a. Collaborate with member hospitals to review present guidelines, and define and establish membership eligibility and participation standards.
- b. Assure 2013 Membership Agreements are enforced.

Corporate Partnerships

5
YEAR
STRATEGY

National corporate partners are the lifeblood of CMN Hospitals' fundraising representing more than 60% of total funds raised for member hospitals. We will grow fundraising from Corporate Partnerships by focusing on the following:

- 1 Grow existing corporate partnerships by establishing minimum standards for national sponsors and focusing on the best opportunities for significant fundraising. Internal resources will be allocated based on the greatest possible return on investment. The regional support team will be engaged in accelerating corporate campaign success at the local level.
- 2 Acquire new corporate partners that provide the highest fundraising value to our member hospitals by setting standards for new corporate partnership acquisition.
- 3 Network the network through increased collaboration of all constituents by providing opportunities to work together in business-to-business promotions, digital campaigns and other events. National and local forums will be established for networking and sharing ideas and best practices.



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Grow Existing Corporate Partnerships

- a. Allocate resources on corporate partners with the most potential for increasing fundraising results and bringing the greatest possible return on investment. Add one new campaign director in 2013.
- b. Align partners on Children's Miracle Network Hospitals' key results and establishing fundraising goals for their individual campaigns that the partners embrace.
- c. Establish deeper connections through focused stewardship efforts with key partners at multiple levels within the partners' corporate hierarchy to ensure buy-in with the billion-dollar goal, promote collaboration and engagement in the partnership.
- d. Accelerate fundraising success of corporate partnerships campaigns through increased and focused engagement and support of the regional team.
- e. Shift from a fundraising kit cost strategy to an all-inclusive campaign cost billing strategy with the hospitals to free up operational funds to be re-invested into growing existing partnerships.
- f. Develop and/or acquire account director proficiencies to manage new categories of partnerships such as Hispanic and Digital in preparation for future fundraising partnerships in those specialties.
- g. Continue to transition non-priority accounts to more turn-key, less resource and time intensive accounts by utilizing new resources such as the Partner Resource Site, and process and account management efficiencies.

2 Acquire New Corporate Partners

- a. Continue the New Corporate Partnership Team to support and activate strategy.
- b. Develop a Regionalized Prospect Pursuit Plan to help bolster new corporate partner support in underserved regions. The Business Development Forum and Hospital Relations team will be involved in supporting this effort.
- c. Capture Internal and External Leads effectively through the CRM tool and leverage them into high-level partner meetings.
- d. Introduce prospects to CMN Hospitals by inviting them to high-profile Existing Partner Events. This allows the partner prospect to experience our mission in action.

- e. Create a Business Development Forum of member hospital CDOs and other representatives to generate leads and new partnerships.
- f. Create Friendraiser events that enable partners and friends to leverage their circle of influence to generate individual gifts and recruit new corporate partners.
- g. Continue focused creation of high quality consumer packaged good partnerships that generate underwriting, hospital fundraising, and awareness opportunities. This effort relies upon the support of our Board and existing partners.
- h. Throughout 2013 we will work with the Insights team to create the New Corporate Partner Target Formula. The mathematical formula will be used in determining suitable partner targets by attempting to quantify previously subjective criteria, marginalize opinions and allow for all partners to be evaluated on an equal plane. An effective formula will deliver quality prospects with minimal research time investment.

3 Increase Collaboration Among Corporate Partners

- a. Identify key national collaboration opportunities and build a strategy to help communicate those opportunities to all Children's Miracle Network Partners.
- b. Create two national initiatives (spring and fall) that may involve the collaboration of all aspects of the Network including corporate partners, hospitals, media partners, and celebrities.
- c. Build a menu of collaboration tools that CMN Hospitals and our partners can utilize in support of key fund raising and collaborative initiatives.
- d. Support our top 15 corporate partners through targeted Collaboration strategies utilizing social media, internal communication tools and other digital support resources.
- e. Create a national criteria and associated incentives where many of CMN Hospitals current partners can qualify as a CMN Hospitals National Collaboration Partner.
- f. Work with each team at Children's Miracle Network Hospitals to collaborate within our own building.
- g. Utilize the abilities, talents and reach of the CMN Hospitals Regional Team to implement key 2013 collaboration strategies.

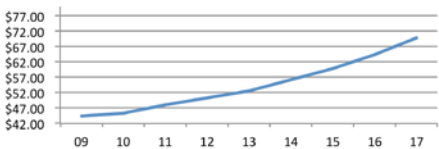
Program & Event Fundraising



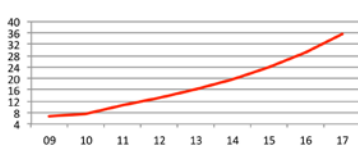
Program and event fundraising represents a unique opportunity to reach people on a personal level in activities they enjoy while raising significant funds for member hospitals. We will grow program and event fundraising for member hospitals by:

- 1 Growing our Radiothon program by adding new primary markets and adding submarket networks in same day events as primary markets. We will expand Hispanic Radiothon. We will create new add-on events that open opportunities with new formats and tap into our radio partner's digital assets. We will target new audiences such as a French language event in Canada and urban radio in the US. We will explore a national Radiothon event. We will grow our Commitment to Kids Program.
- 2 Growing our Dance Marathon program by adding more schools, investing more resources and people in the program, and creating a staff succession plan. We will segment our efforts into four target groups from high school to alumni. We will seek national sponsorship of our Dance Marathon to infuse more value into the program. We will incubate new programs for the youth market segment.
- 3 Growing the new Extra Life initiative by investing resources in a team to support the effort. We will add additional gaming partners and create industry wide interest in our charitable event. We will seek national sponsorship for the program.
- 4 Exploring the development of national events that engage people in our cause, foster collaboration among all partners. Utilize social and digital technologies and raise awareness for the charitable nature of children's hospitals.
- 5 Exploring new programs and events based on the knowledge gained and strengths of current programs and market success.

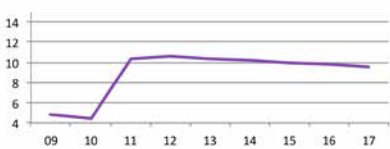
Radiothon



Youth / Dance Marathon



Telethon



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Grow our Radiothon program by implementing the following in 2013:

- Focus on new market acquisition (San Antonio, Tulsa, New Orleans, Miami, Cincinnati, Reno, Charlotte, Savannah, Long Island, San Bernardino).
- Create new add-on events with new formats (i.e. Touchdowns for Kids).
- Continue our focus on Race to 100k.
- Add a national radio fundraising event with Radio Disney.
- Grow our Commitment to Kids sales program.
- Focus our resources on high growth opportunities.
- Commission a third-party research project focused on the brand impacts of Radiothon.
- Develop a plan to continue our evolution from Radiothon to radio fundraisers.

2 Grow Dance Marathon and Incubate Youth Marketing concept:

- Add 50 new colleges bringing in \$10,000 each first year total (scaled back to maintain steady growth for 75 second year programs).
- Add one new Dance Marathon staff.
- Educate hospitals on ways to grow existing programs by at least 20% a year.
- Continue to expand the high school program by providing resources for college partners to approach new schools.
- Work on bringing on a stable national partner.
- Add at least one high school marathon to the top ten programs; Continue to produce version 2.0 of "kit in a box" materials; add three more city-wide programs; Incorporate Extra-Life into the DM model.

3 Grow Extra Life initiative and Test Passion-Fueled Fundraisers

- Grow funds raised in Extra Life 2013 by 50% over 2012 by engaging more gamers, more meaningfully, with more passion than ever before for a total of \$3,600,000 in funds raised for our hospitals.

4 Hispanic Programs Initiative

- Radiothons will continue to be our major fundraising component in 2013. We will add ten new markets, increase the number of days, improve promotional efforts and utilize social media.
- A national Spanish language telethon is planned for 2013 to help us reach a new and wider audience via a national Spanish language television network.
- Digital/Social Media is our newest strategy to reach the important younger generation of Latinos, many of who are first and second generation Americans of Hispanic descent. We will launch *Día de los niños*, which will raise funds through social media/texting campaign promoted by media partners and celebrities.
- Corporate Partners continue to be key to the development of the other strategies for Hispanic Programs. The Spanish telethon and the texting campaign are dependent on sponsorships.

5 Create National Signature Events

- Develop The Torch Relay and Miracle Jeans Day securing incremental growth in both events for a combined total of \$2.25M in 2013.
- Develop and test three unique fundraising events, as potential national signature events for CMN Hospitals (including one virtual-based event, one walk/run, and one additional, unique fundraising event) for a total of \$510,000.
- Fully develop a kit-based, or third-party, event program, including "Events in a Box" campaigns with a goal of raising \$100k in 2013 (and \$1M in 2014).
- Identify and secure opportunities for collaborative/growth events and host multifaceted and inter-departmental events (such as Milagros Para Niños) with the goal of hosting 1-2 special events/campaigns in 2013 and raising \$400k.
- Examine other successful events through training, research and participation, with the goal of developing a portfolio of "next generation" fundraising events to benefit CMN Hospitals.



Innovation

5
YEAR
STRATEGY

Pioneering successful fundraising programs in the world today requires a culture that embraces the creation, development and improvement of cutting-edge concepts. To reach the level of growth needed to raise \$1 billion annually, we have to think differently about what we do and how we do it. We will innovate to increase our value to stakeholders by:

- 1 Creating organizational practices that will inspire a more innovative culture. Either a dedicated group of individuals or a cross-functional committee will lead this new initiative. Key principles will be applied to the innovation initiative such as taking a strategic, deliberate and opportunistic approach; celebrating new ideas and rewarding ingenuity; creating innovation opportunities/events for staff and stakeholders; connecting with outside trendsetters and innovators; and activating member hospitals, corporate partners, board members and media partners in the innovation process.
- 2 Creating a process for screening, incubating and testing new ideas by engaging staff, member hospitals, corporate and media partners in the development and testing of new ideas. We will introduce new ideas only after they have been tested and proven.
- 3 Explore and applying innovative solutions to fundraising, product development and operational activities.



Insight on Innovation

"Hunches that don't connect are doomed to stay hunches....innovation prospers when ideas can serendipitously connect and recombine with other ideas, when hunches can stumble across other hunches. When nature finds itself in need of new ideas, it strives to connect, not protect."

Steven Johnson
Where Good Ideas Come From

2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Organizational Practices

- a. By March 31, 2013 the Cause Innovation team will have presented a minimum of 9 potential concepts to the Executive Team.
- b. By June 30, 2013 a minimum of six concepts will be in test.
- c. Continue concept testing for GiveMiracles, Miracle Corps and Agency for Good with a goal to transition them in late 2013 or early 2014.
- d. Engage Staff through monthly TED Tuesdays and quarterly Innovation Share Activities.
- e. The Cause Innovation team will interact as a team daily with weekly progress and project meetings. The team will hold monthly presentation meetings within the team to prove ideas and prepare them for quarterly presentations to the executive management team.
- f. Each quarter the Cause Innovation Team will meet with the Executive Management Team to present 1-2 new fundraising concepts with \$20 million+ potential.
- g. The Cause Innovation team will test and/or micro-test 4-8 concepts each year with the goal to launch 1-2 complete concepts per year.
- h. Staff, hospitals, sponsors, board members and other stakeholders will be regularly engaged to help generate, prove and critique ideas and concepts. Overall the team will strive to support an overall culture of innovation throughout CMN Hospitals.

2 Application of Innovation

- a. During 2013 the Cause Innovation Team will continue the test three concepts developed in 2012: GiveMiracles, Agency for Good and Miracle Corps.
- b. In 2013, the Cause Innovation Team expects to begin the transition of one or two concepts to the mainstream of the CMN Hospitals organization.
- c. The Cause Innovation Team will test an additional 3-5 concepts developed in late 2012 or in early 2013.
- d. The Cause Innovation Team will generate revenue for concept tests and future tests by extracting "First-in, First-out" costs and through an appropriate "fee" on funds generated after costs.

Concept Tests 2013

GiveMiracles Concept Test 2013

- Drive the GiveMiracles concept towards launch and mainstream adoption among national and local operations.
- Raise \$1,000,000 and generate 10,000 donors through the GiveMiracles concept in calendar year 2013. Generate \$90,000 in underwriting through fees.
- Repeat the Ultimate Gift Guide with Wall Street Journal and participating hospitals.
- Extend the concept with a second gift giving promotion such as Mother's Day.
- Potentially hire a full-time staff member to oversee and drive the concept to launch and growth - funded through cost recoupment from proceeds.

Miracle Corps Concept Test 2013

- The Miracle Corps program is a yearlong, service-learning experience that pairs passionate, recent college graduates with member hospitals to expand fundraising capacity and strengthen local execution of CMN Hospitals' strategic initiatives.
- The full test will be piloted in Spring 2013 with three recent Dance Marathon graduates in three markets.
- Launch complete program in original test markets.
- Test concept in three new markets.
- Add educational component (CFRE, MPA, MNPM, college credit etc.)
- Add more than one corps member per market.

Agency for Good Concept Test 2013

- Test the Agency for Good concept with 6-10 celebrities and/or their foundations.
- Raise \$500,000 - 1,000,000 during the 2013 fundraising year - generate \$150,000 in underwriting revenue through fees.
- Add one full-time relationship director - funded through proceeds.

Awareness

5 YEAR
STRATEGY

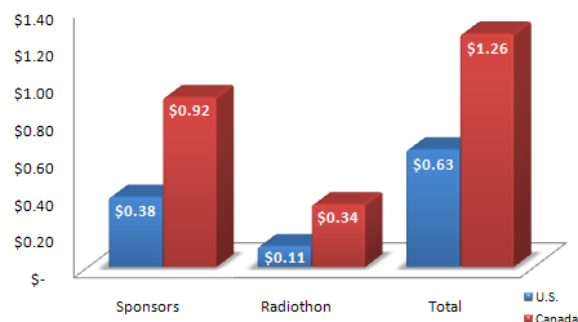
Many hospitals are not seen as charities within their market. We will generate awareness to position local children's hospitals as critical charitable organizations in need of fundraising support by:

- 1** Leveraging the charitable equity of the international CMN Hospitals brand to help the public and potential donors recognize the philanthropic need of local children's hospitals and to position them as charities. We will investigate the success of our Canadian partners; conduct other research and testing methods.
- 2** Creating and implementing, in partnership with hospitals and sponsors a "proud partner" initiative. As proud partners, hospitals and sponsors engage in opportunities to communicate their relationship with CMN Hospitals through co-branded materials, advertising, promotions, media outreach and signage.
- 3** Exploring and testing ways to create and fund a national media plan to increase brand awareness and regard for both the local hospital brand and CMN Hospitals' national brand.
- 4** Seeking to secure and develop relationships with appropriate high-profile celebrities to serve as prominent spokespeople for CMN Hospitals and local member hospitals in our PSA and paid media efforts.
- 5** Continuing to leverage our awareness efforts to support and recognize corporate fundraising campaigns. Awareness efforts will be created to target donors and customers of our corporate partners as well as to reach key decision makers at potential new corporate partners.

Insight on Awareness

UNITED STATES VS. CANADA PER CAPITA FUNDRAISING

Source: Performance Metrics Reports



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Leverage and Grow the Charitable Brand of CMN Hospitals

- a. Focus on new messaging in national outreach and media campaigns.
- b. Contract with Harris Interactive to conduct our yearly brand survey to update the current status of our brand awareness.
- c. Reach out to hospitals and get their support of this message. Establish our “case study” hospitals that will help tell the story.
- d. Create a new expanded and comprehensive brand standards guide to better guide hospitals and partners in proper usage of our brand.
- e. Create awareness of CMN Hospitals’ 30-year anniversary
 - i. Create a version of our logo to incorporate the 30-year anniversary.
 - ii. Assist Communications team in developing and implementing the 30-year anniversary campaign.

2 Create Proud Partners

- a. Creative Services will support the Proud Partners initiative being developed by the Hospital Relations Team by developing the necessary materials, and working with hospitals in implementing the initiative.

3 Test the Support Positioning for CMN Hospitals

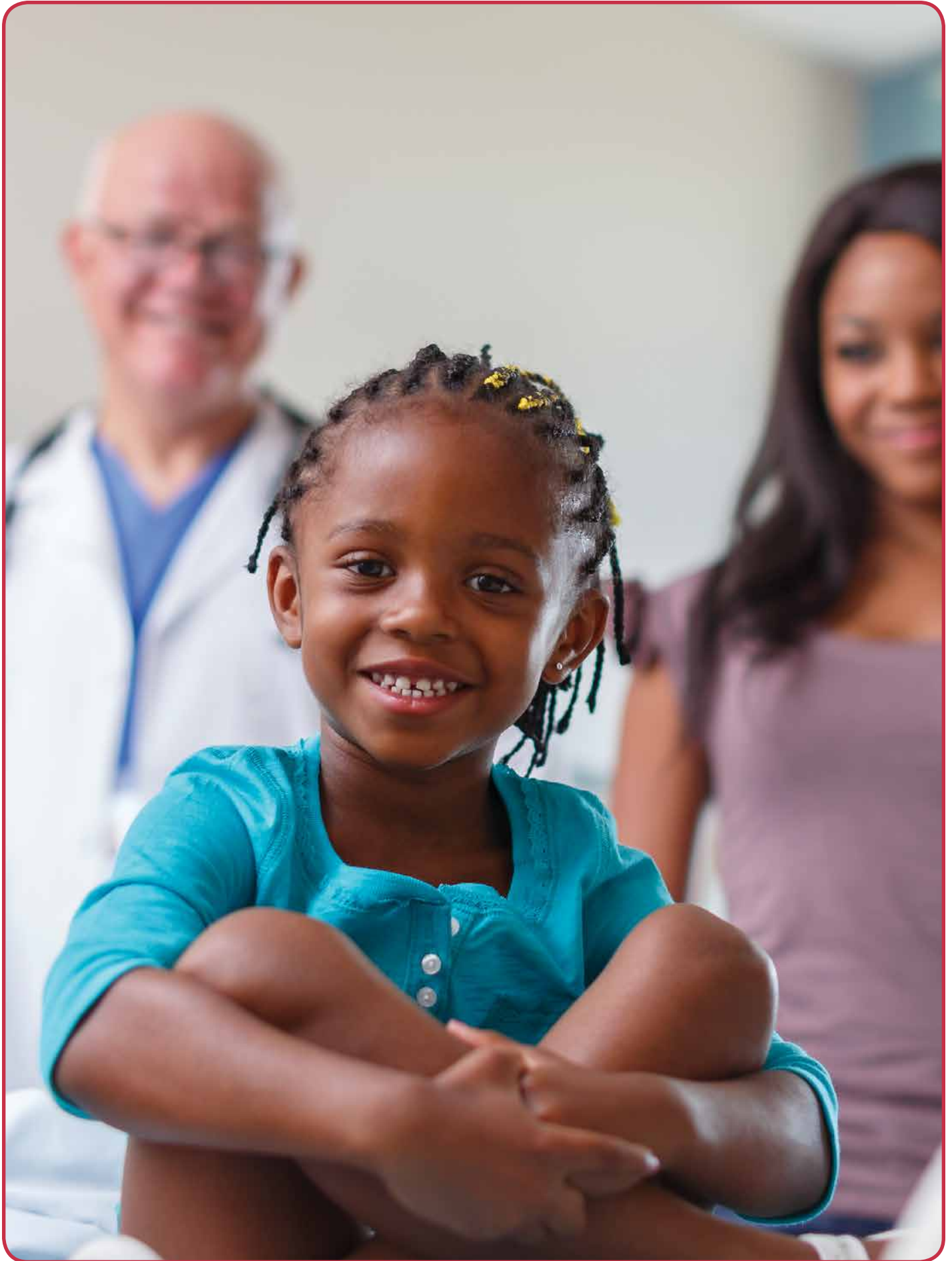
- a. Develop and test a comprehensive positioning campaign in representative markets during Spring 2013.
- b. Produce “national-quality” creative for the test markets. Include an element local hospitals.
- c. Measure the effectiveness of the test with pre and post research.
- d. Present test results and roll out 2014 plans at Celebration 2013.
- e. Conduct media outreach to support this messaging, positioning it as an educational initiative.

4 Generate Awareness for Local Hospital and National Brands

- a. Execute the 2013 Public Education Campaign for non-telethon markets and provide ongoing content and station support to telethon markets.
- b. Support the Hospital Relations team in the effort to create Proud Partners by establishing co-branding best practices and standards.
- c. Continue to build online awareness through partnership with US News on Best Children’s Hospitals pages and other locations within site.
- d. Grow the News Corporation Partnership through engaging 1-2 new business units and maximizing the relationships with existing partners.
- e. Review Sponsor Recognition/Public Education Campaign fees.
- f. Deliver content for broadcast, print and new media according to deadlines established with media team.
- g. Deliver one and a half times the Media Campaign cost in added value to hospitals.
- h. Provide timely delivery of Campaign Reports to Hospitals.
- i. Deliver the national Telethon segments at lower cost and in HD.
- j. Support Telethon markets with opportunities to have celebrities promote their event.

5 Celebrity Partnerships

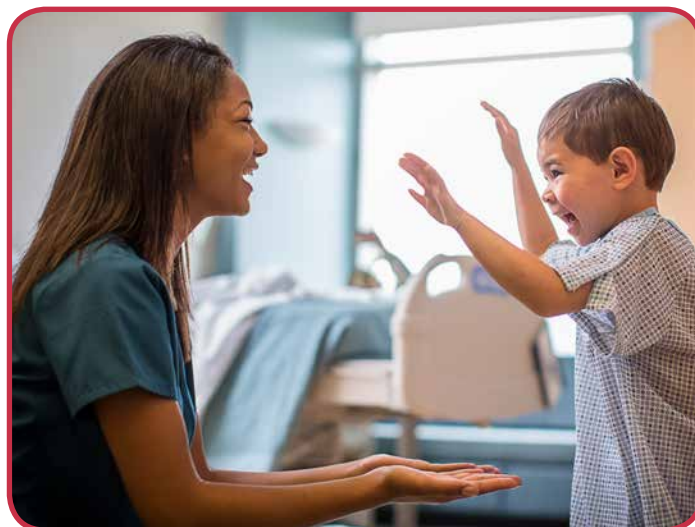
- a. Work throughout the organization to create standard celebrity involvement criteria and expectations.
- b. Maintain and strengthen existing celebrity relationships year-round.
- c. Provide ongoing support for existing fundraising campaigns and awareness programs.
- d. Begin to support the Agency for Good concept and migrate most celebrity activity towards the “partnership” vision.
- e. Establish “A” list celebrity relationships to support the “charitable positioning” test.
- f. Maintain and strengthen existing celebrity relationships year-round.
- g. Provide celebrity support for new and existing fundraising campaigns.



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

6 Execute a Comprehensive Social Media Plan

- a. Grow Facebook and Twitter followings by 50%.
- b. Provide effective digital communication support using appropriate, memorable and measurable content.
- c. Execute a social media fundraising campaign to raise \$1 per follower/fan.
- d. Create a LinkedIn strategy and execute in 2013.
- e. Develop engagement measure for Social Media activity.
- f. Continue test of local market social media activation – Facebook pages and Twitter streams.



7 Strengthen Corporate Campaigns, Program & Event Fundraising and Growth Initiatives

- a. Provide professional and effective Public Relations, Communications and Creative Services support by developing media plans, messaging platforms and creative executions to support national programs. Develop a communications calendar outlining priority programs and partnerships for 2013.
- b. Provide centralized services for graphics, layout, web design and video production to strengthen system-wide fundraising efforts.
- c. Show awareness impact for corporate partners to emphasize the relationship is a true partnership from which both parties benefit.
- d. Grow Champions program awareness, positioning it as a high-profile national program to support corporate partner investment.
- e. Manage fundraising campaign materials design, production and distribution process.
- f. Assist in the implementation of new Cause Innovation initiatives, including Give Miracles, Agency for Good, Miracle Corps and others.
- g. Develop branding, look and feel for two new national events and continue to support the growth of Extra Life, Dance Marathon and Miracle Jeans Day.



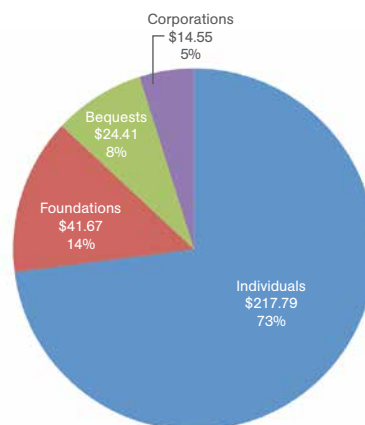
Community



To maximize fundraising in the future, CMN Hospitals will acquire significant new donors and advocates on behalf of member hospitals. We will increase donor acquisition for member hospitals and foundations by identifying, building and activating a community of individuals with an affinity for children's hospitals by:

- 1 Capturing individual contact information of those who are contributing to and organizing CMN Hospitals' programs and partnerships for the benefit of member hospitals. We will build specific data-capture plans into each of our programs and partnerships. We will upgrade or create the tools to store, maintain and connect donors and organizers.
- 2 Providing acquisition data to member hospitals. We will build mechanisms that give hospitals full access to acquired community data.
- 3 We will create opportunities to connect with individuals in the community in order to build relationships and create affinity for our member hospitals. We will develop a communication strategy and individual engagement guidelines in collaboration with member hospitals. We will define what existing and new assets fall under this strategy and determine what expertise is needed.
- 4 Leveraging digital technology and social networks to help increase the size and impact of our community of individuals who have an interest in children's hospitals. We will create methods to measure interest and affinity. We will activate the community to increase fundraising for member hospitals. We will allocate people and resources to our digital fundraising efforts.
- 5 Allocating more resources to increase fundraising in specific market segments. We will research and develop a plan for the Hispanic market segment in 2012 and begin execution of the strategy in 2013. We will explore and expand other segmentation opportunities such as French Canadian. We will develop a life-cycle approach to attract and engage new individuals and corporations.
- 6 Exploring, testing and evaluating the possibility of offering additional donor management tools by engaging member hospitals in discussions and determining whether enough critical mass exists to aggregate and offer additional services efficiently.

2011 CONTRIBUTIONS
\$298.42 billion by source of contributions
 (In billions of dollars - all figures are rounded)



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Acquire Individual Data and Make It Available to Member Hospitals

- a. We will strive to capture the contact information of those who are contributing to, organizing events and/or advocating on behalf of our member hospitals.
- b. Build specific data capture plans into each of our programs and partnerships.
- c. Create and upgrade the tools to store, maintain and connect donors, organizers and advocates.
- d. Continue to deliver acquisition data to member hospitals in user-friendly formats.
- e. IT in conjunction with Direct Marketing will start to engineer and design a Direct Marketing application for the donors of CMN Hospitals.

2 Build Affinity for and Interest in Member Hospitals

- a. Support the social media strategy and implementation plan.

3 Improve Stakeholder Satisfaction Through IT Operations

- a. In 2013 we will begin to move to a virtualized server environment. This will allow the organization to maintain a stable, flexible, and robust infrastructure. It will ensure we are able to maintain vital communication channels: phones, internet, email service, Miracle Soup, corporate websites, company data, etc.
- b. Review and update yearly disaster recovery and business continuity policies and procedures for all critical areas of the organization.
- c. Continue to maintain and audit security levels and policies – Data (especially CC numbers), penetration testing, PCI compliance, employee data, and proprietary organizational information.

4 Leverage Digital Technology

- a. We will leverage digital technology and social networks to help increase our community of individuals who have an interest in children's hospitals by:
 - i. Increasing the size and impact of the community through all network activities.
 - ii. Moving people up the "Pyramid of Engagement" by establishing measures of affinity, engagement activities, education initiatives and direct interactions.
 - iii. Activating and leveraging our community for fundraising and awareness efforts.
 - iv. Allocating people and resources to our digital development efforts.
- b. We have identified a need for a Customer Relations Management tool to store and preserve company knowledge digitally. In 2013, we will invest in basic CRM implementation.
- c. We will place an emphasis on mobile and tablet usability with a goal of making all major CMN Hospitals applications and websites being mobile-friendly by 2014.

5 Strengthen Direct Marketing Services

- a. We will continue to provide creative, result-driven, donor-focused fundraising solutions through our Direct Marketing Group.
- b. Grow the number of member hospitals participating in our Direct Mail program and Radiothon backend services to improve the value proposition to everyone using the services.
- c. Identify and develop innovative products and services while refining current offerings.



Administration

5
YEAR
STRATEGY

Good strategy is grounded in sound business practices and systems that support implementation and provide sufficient data for smart decision-making. To support both internal and external teams in our journey to \$1 billion annually, we will align and strengthen the following operational activities:

- 1 Planning will create systems and processes to aid in routine organizational planning, meetings and event management.
- 2 Corporate Integrity will ensure the highest standards of ethical behavior and risk management.
- 3 The Insights team will build or access relevant business and financial data stores to generate performance measurements and data insights that lead to smart decisions.
- 4 Finance & Accounting will create timely financial reporting information and tools to help key decision makers to track operating results and make smart decisions.



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Planning

- a. Organize the Strategic Planning Process for annual review and renewal. Engage in a full planning process every five years.
- b. Initiate the review and writing of Annual Operating Plans across the organization beginning in May-June for approval at the Fall Trustees meeting.
- c. Create an annual operating plan calendar to be circulated at monthly management meetings to help us stay on track. We will include all significant meetings.
- d. Create constant verbal and visual reminders of our strategy through email, at regular management meetings, and monthly staff meetings.
- e. Monitor progress on strategy implementation through a process of regular one-on-one conversations, survey tools, town-hall style discussions with key stakeholders.
- f. Celebrate progress through a system of reporting to our stakeholders.
- g. Examine our business model and explore long-term solutions to funding growth.

2 Meetings & Events

- a. Plan and produce the 2013 Celebration event which will be our 30th Anniversary.
- b. Make Celebration a fundraising event.
- c. Provide sessions that will educate, inspire and motivate our attendees, give partners opportunities to share best practices, generate awareness of the combined efforts of all our partners, and recognize our partners for their contributions to save kid's lives.
- d. The Champion children, who represent all the children treated at Children's Miracle Network Hospitals, will be featured and celebrated throughout the Celebration event including honoring them in the Medals Ceremony.
- e. Work with the Executive team to create a Celebration Team of staff to be responsible for various Celebration meetings or tasks. The Celebration team will meet regularly through the year.
- f. Provide meeting and event planning resources to the entire organization.

3 Corporate Integrity

- a. Ensure that CMN Hospitals' policies and procedures can realistically be maintained and followed.
- b. Train on compliance related topics.
- c. Monitor individual and organizational adherence to compliance.
- d. Report on issues and/or progress related to compliance.

4 Insights

- a. Collaborate across the organization to determine stakeholder insight needs.
- b. Researching and applying successful analysis models to stakeholder needs.
- c. Providing high-quality internal performance data analysis and insights.
- d. Providing high-quality external data analysis and insights.

5 Finance & Accounting

- a. Provide high-level performance analysis, financial reporting, and forecasting for the organization.
- b. Create a real-time on-demand financial reporting portal for key decision makers. On demand reporting tools will directly impact the organization's ability to make smart decisions.
- c. Convert all remaining historical fundraising data from paper to digital format in fundraising database.
- d. Research innovative approaches to donor data collection during the cash deposit process.

Human Resources

5
YEAR
STRATEGY

We will ensure adequate human resources and lead cultural change to meet our strategic goals and operating plans. We will have the right people in the right places at the right time.

- 1 Lead the needed cultural shifts by facilitating organization wide culture of accountability training and integration of our culture, mission, vision and values into all aspects of the human resources functions.
- 2 Skills Inventories and behavioral analysis will be updated annually on all staff.
- 3 Forecast future human resource needs by job types, number of employees and the skills those employees will need to meet the strategic goals of the organization.
- 4 Identify gaps between present skills and future needs by creating development plans for each employee. Development plans will be used as a tool in positioning staff for growth in their current roles, or future roles within the organization. Some development will be designated to key staff for succession planning, knowledge transfers, peer-to-peer training, mentoring etc.
- 5 Align Human Resources with organizational strategies by aligning tasks and creating well-designed jobs, reorganizing work units to be aligned with strategy, recruiting needed skills, providing staff with training, development and collaborative opportunities.



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Lead Culture Shifts

- a. Engagement for individual, team and organizational level will be structured to keep culture in the forefront of our activities. Cultural successes and progress will be shared at every opportunity.
- b. Support and training will be provided to management and executive level through coaching and resources designed internally to maintain a high profile and focus on the skills and communications that drive cultural change.
- c. Tools will be developed and introduced in 2013 that will help provide resources to support cultural growth and development such as a story library, culture book, culture best practices site, quarterly staff events and a manager tool kit.

2 Develop Staff

- a. Focus for 2013 will be to provide an e-Learning solution proven to build specific, job-critical competencies and promote positive behavioral changes that will lead to better job performance.
- b. Quarterly management training & follow-up: Real-time facilitations designed to ensure application and understanding of focused online materials to leverage training initiatives.
- c. Help prioritize the organization's hiring needs, accurately define the "Right Fit" candidate for culture and create objective criteria to measure by.
- d. Current staffing will be reviewed and strategic planning will be structured to ensure "Key Positions" are supported through proactive succession planning to reduce personnel based vulnerabilities.

3 Pay for Performance

- a. Performance Management will continue to be an ongoing area of focus for HR. Building behavioral support for continuing staff development will be the primary directive. Instruction and scheduling will be provided to deliver individualized development plans.



Canada

5
YEAR
STRATEGY

Canadian Operations are an integrated and accountable subset of the U.S. Operations. It is simply a smaller yet unique version of the overall organizational culture, business and operational elements of Children's Miracle Network Hospitals. The overall objective is to serve children's foundations and hospitals through the implementation of fundraising, program, innovative and efficient practices which maximize the funds for its mission.

2013 ANNUAL OPERATING PLAN HIGHLIGHTS

1 Grow Existing Corporate Partnerships

- Actively managing fewer, more valuable corporate partners. Fundraising growth will come by focusing on the top 6 corporate partners who hold the most potential for increased fundraising results.
- Allocating internal resources based on the greatest possible return on investment (ROI).
- Better understand our corporate partners business in order to meet their partnership objectives and identify new opportunities.
- An increased responsibility to focus on stewardship and recognition strategies for our corporate partners, as increased giving is a direct response to appropriate stewardship. This is a CCHFE (Canadian Foundations Leadership) priority.
- SMART but expanded travel which will mirror our knowledge of regional support.

2 Develop New Corporate Partners

- Work with foundation partners and "Network the Network" to actively source new corporate partner leads.
- Continually move prospects through various stages of move managements system.
- Build prospect pipeline to support annual new business growth targets.
- Ensure US new business activities are aligned to Canada.
- Continue focused creation of CPG Canadian promotion.

3 Corporate Partner Collaboration

- Providing opportunities to work together through business-to-business promotion, social, digital campaigns and other programs and events.
- Building national forums and creating the tools for local forums in order to encourage best practice sharing and networking.
- Creating national event(s) that involves all aspects of the Network including corporate partners, hospitals, media partners, and celebrities.
- Work to foster collaboration with all stakeholders.

4 Innovation

- Continue to invest in actively involving all of our stakeholders through education and engagement in the innovation process.
- Invest in engaging Hospital Foundation Partners through identifying potential concept test markets and subsequently building our innovation platform.
- Seek opportunities to meet with our Corporate Partners to discuss Innovation and how they can support our efforts.



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

5 Programs & Events

- a. Proactively seek out and support existing markets and aggressively look for new markets with a focus on Quebec and large sub markets.
- b. Growing radio fundraising through digital opportunities linked to social media with radio station talent and patient stories.
- c. Extra Life will become the largest area of new money for Canadian partners.
- d. Grow digital and social media fundraising; build on the success of the #MiracleMoms blogathon.
- e. Devote resources to assess and evaluate youth marketing and Dance Marathon to become a revenue source for member hospital foundations in Canada.
- f. Evaluate the ROI for Miracle Jeans Day in Canada.

6 Administration

- a. Find cost savings, to run the office efficiently and review all contacts and services.
- b. Embrace and rally around Culture and team values.
- c. Create an environment of fun through appropriate recognition and rewards.
- d. Ensure staff has the best available tools and support to effectively manage their work and be successful in all they do.

7 Communications & Awareness

- a. Leverage charitable brand.
- b. Create proud partnership standards.
- c. Explore a new national media campaign.
- d. Research Celebrity campaigns.
- e. Strengthen corporate campaigns through a more engaged recognition & stewardship program, as well as strategic investment in bilingual materials.

8 Champions presented by Walmart Canada

- a. Create a program that highlights the journey of the Champion Children and their family.
- b. Create a new media event that draws more media and public attention to the program, Walmart's sponsorship of the program and to Children's Miracle Network.
- c. Engage key Walmart associates from across the country in a close-knit, high impact program that allows them to interact with families.
- d. Find new ways to involve support for Children's Miracle Network partners and to give them exposure to the program.
- e. Engage hospitals and foundations in a program where they select a patient family to represent their hospital on a national and international stage.

8 Hospital Relations

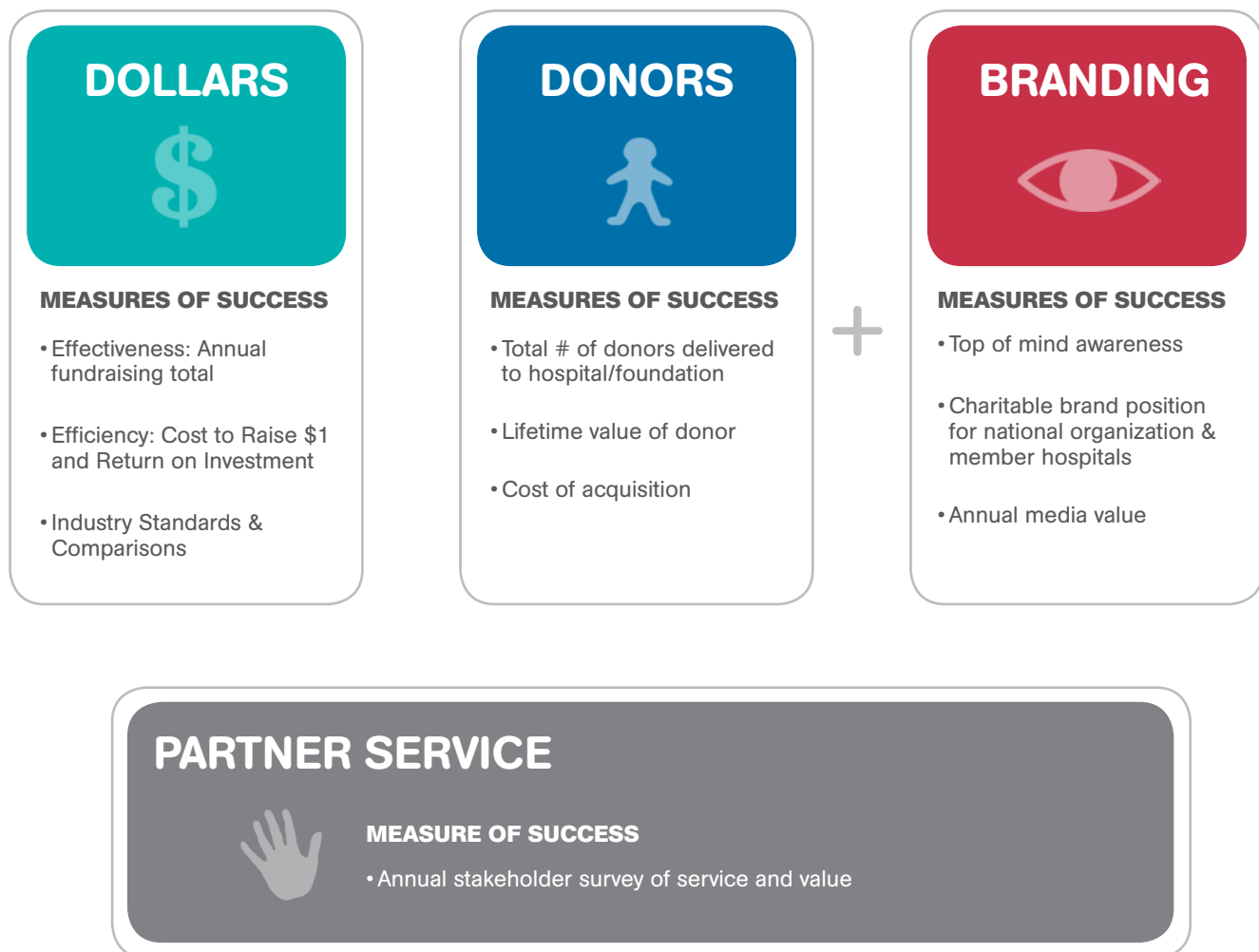
- a. Implementation of new resources and tools to demonstrate and quantify the return on investment for Children's Miracle Network member foundations.
- b. Continue to develop and evolve more effective and efficient methods of tracking, inputting and displaying raised funds.
- c. Ensure all new Program Directors (PDs) have a consistent and comprehensive orientation as members of the Children's Miracle Network team in Canada.
- d. Ensure all communications to all levels in the hospitals is strategic, concise and appropriate.
- e. Ensure all hospitals/foundations and Children's Miracle Network are abiding by the rules set forth in the membership agreements and to make sure that any updates to the agreement for 2013 are shared.
- f. Work with the Canadian Hospital Relations Committee (HRC) representative. Identify and foster a new representative in 2013.
- g. Develop and schedule a format for PD calls to align them with the US
- h. Implement a new meeting format for the Summer Meetings



Measurement & Value Proposition

5 YEAR
STRATEGY

Below is a diagram explaining how we will measure success and hold ourselves accountable to the strategies outlined in our plan.



2013 ANNUAL OPERATING PLAN HIGHLIGHTS

Accountability is a key operating principle of Children's Miracle Network Hospitals. In order to measure our success, we have set the following goals for 2013.

DOLLARS

MEASURES OF SUCCESS	2012	2013
Total fundraising	\$290 million	\$314 million
Cost to raise \$1	12.8 cents	11.9 cents
Industry standards	Benchmark	tbc

DONORS

MEASURES OF SUCCESS	2012	2013
Total # delivered	tbc	tbc
Gifts per year	tbc	tbc
Lifetime value of donor	tbc	tbc
Cost of acquisition	tbc	tbc

BRANDING

MEASURES OF SUCCESS	2012	2013
Annual media value	\$275 million	N/A
Hospital charitable positioning-- United States	38%	38.5%
Canada	47.3%	47.5%
Top of mind awareness United States	4.1%	4.5%
Canada	2.56%	2.75%
Donor intent United States	19%*	20%
Canada	52%**	53%

*Local Hospital and CMN Hospitals combined
**Local Hospital, SickKids and CMN Hospitals combined

PARTNER SERVICE

MEASURES OF SUCCESS	2012	2013
Annual stakeholder survey of service and value: Hospitals	3.4 out of 5 stars	3.75 out of 5 stars
Annual stakeholder survey of service and value: Corporate Partners	3.4 out of 5 stars	3.75 out of 5 stars
Annual stakeholder survey of service and value: Employees	3.8 out of 5 stars	4 out of 5 stars
Annual stakeholder survey of service and value: Board	3.8 out of 5 stars	4 out of 5 stars

BUDGET

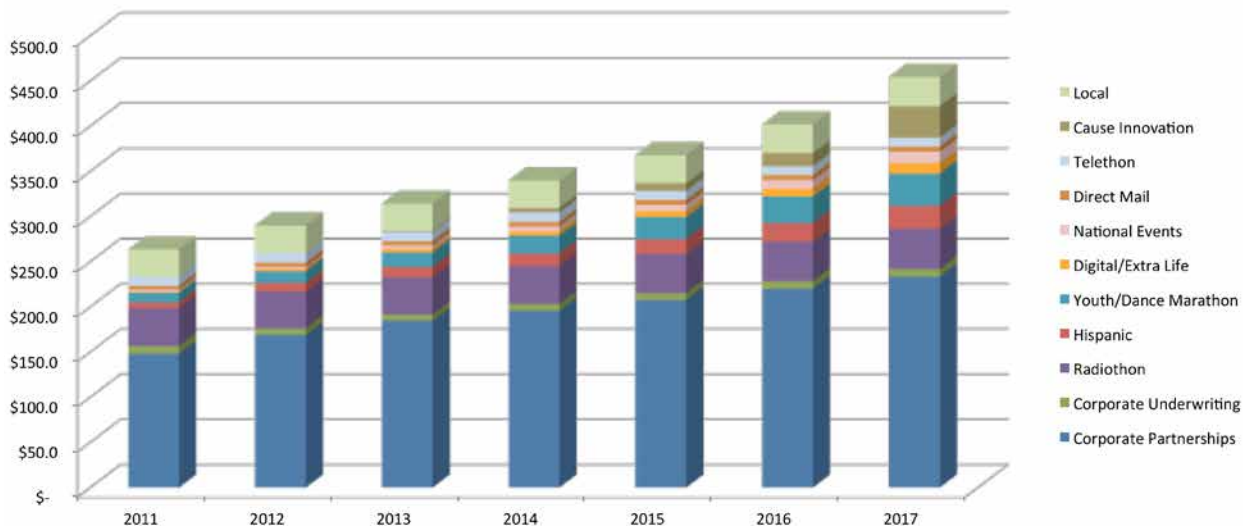
MEASURES OF SUCCESS	2012	2013
Net income	\$750K net income	\$750K net income

Five-Year Fundraising Projections

Strategic Growth Projection to \$454 Million Goal By 2017

Values in Millions

	FORECAST					
Fundraising Category	2012	2013	2014	2015	2016	2017
CORPORATE PARTNERSHIPS	\$168.8	\$184.6	\$195.8	\$207.6	\$220.1	\$233.2
CORPORATE UNDERWRITING	\$7.4	\$6.8	\$7.2	\$7.7	\$8.1	\$8.6
RADIOTHON	\$40.8	\$41.3	\$42.1	\$43.0	\$43.8	\$44.7
HISPANIC	\$9.3	\$11.4	\$13.9	\$17.0	\$20.7	\$25.3
YOUTH/DANCE MARATHON	\$13.2	\$16.1	\$19.6	\$24.0	\$29.2	\$35.7
DIGITAL/EXTRA LIFE	\$2.6	\$3.8	\$5.0	\$6.6	\$8.8	\$11.7
NATIONAL EVENTS	\$2.0	\$3.9	\$5.2	\$6.9	\$9.2	\$12.2
TELETHON	\$10.7	\$10.4	\$10.2	\$10.0	\$9.8	\$9.6
DIRECT MAIL	\$5.0	\$5.0	\$5.3	\$5.5	\$5.8	\$6.1
CAUSE INNOVATION	\$-	\$1.0	\$5.0	\$8.5	\$14.5	\$35.0
LOCAL	\$30.3	\$30.0	\$30.6	\$31.2	\$31.8	\$32.5
TOTAL FUNDRAISING	\$290.0	\$314.3	\$340.0	\$368.0	\$401.9	\$454.6
Annual \$ Growth Rate	\$26.6	\$24.2	\$25.7	\$28.0	\$33.9	\$52.7
Annual % Growth Rate	10.1%	8.4%	8.2%	8.2%	9.2%	13.1%



* 2013 goals and percentages of growth will be finalized once the 2012 fundraising year has closed and the numbers have been verified.