

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 private foundations)

Do not enter social security numbers on this form as it may be made public

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No 1545-0047
2018
Open to Public Inspection

A For the 2019 calendar year, or tax year beginning 01-01-2018, and ending 12-31-2018

- B** Check if applicable
- Address change
 - Name change
 - Initial return
 - Final return/terminated
 - Amended return
 - Application pending

C Name of organization
Children's Health System of Texas

Doing business as
Children's Health

Number and street (or P O box if mail is not delivered to street address) Room/suite
1935 Medical District Drive

City or town, state or province, country, and ZIP or foreign postal code
Dallas, TX 75235

D Employer identification number
75-2062019

E Telephone number
(214) 456-7000

G Gross receipts \$ 118,277,782

F Name and address of principal officer
Christopher J Durovich
1935 Medical District Drive
Dallas, TX 75235

H(a) Is this a group return for subordinates? Yes No

H(b) Are all subordinates included? Yes No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c) () ◀ (insert no) 4947(a)(1) or 527

J Website: ▶ N/A

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1985

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO ASSIST IN THE MANAGEMENT OF RELATED 501(C)(3) ORGANIZATIONS

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	14
4 Number of independent voting members of the governing body (Part VI, line 1b)	13
5 Total number of individuals employed in calendar year 2018 (Part V, line 2a)	8,667
6 Total number of volunteers (estimate if necessary)	13
7a Total unrelated business revenue from Part VIII, column (C), line 12	0
7b Net unrelated business taxable income from Form 990-T, line 34	0

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	8,860,373	10,298,700
9 Program service revenue (Part VIII, line 2g)	60,211,305	107,928,981
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	100,150	50,101
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	69,171,828	118,277,782
13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	178,553,471	183,312,437
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	-137,534,669	-126,076,287
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	41,018,802	57,236,150
19 Revenue less expenses Subtract line 18 from line 12	28,153,026	61,041,632
	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	436,709,236	681,346,353
21 Total liabilities (Part X, line 26)	1,192,375,171	1,365,309,737
22 Net assets or fund balances Subtract line 21 from line 20	-755,665,935	-683,963,384

Part II Signature Block

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

Sign Here

Signature of officer: [Signature] Date: 2019-11-15

Jeremiah Radandt EVP Finance & CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: [Name] Preparer's signature: [Signature] Date: [Date]

Check if self-employed PTIN: P00520729

Firm's name ▶ CROWE LLP Firm's EIN ▶ 35-0921680

Firm's address ▶ 750 N St Paul Suite 850 Dallas, TX 75201 Phone no (214) 777-5200

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission

TO ASSIST IN THE MANAGEMENT OF RELATED 501(C)(3) ORGANIZATIONS, THAT ARE A PART OF AN INTEGRATED PEDIATRIC HEALTH CARE SYSTEM WITH A MISSION TO MAKE LIFE BETTER FOR CHILDREN

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 23,651,634 including grants of \$ 0) (Revenue \$ 107,928,981)
See Additional Data

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 23,651,634

Part IV Checklist of Required Schedules

Table with 3 columns: Question number, Question text, Yes, No. Rows include questions 1 through 22 regarding organizational requirements, reporting, and financial statements.

Part IV Checklist of Required Schedules (continued)

		Yes	No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>	26	No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27	No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	814
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes

2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	8,667			
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes			
3a Did the organization have unrelated business gross income of \$1,000 or more during the year? . . .	3a	Yes			
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O . . .	3b	Yes			
4a 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)? . . .	4a	Yes			
b If "Yes," enter the name of the foreign country ▶CJ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)					
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5a		No		
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No		
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a		No		
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7 Organizations that may receive deductible contributions under section 170(c).					
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		No		
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	Yes			
d If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		No		
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7f		No		
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8 Sponsoring organizations maintaining donor advised funds.					
Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8				
9a Did the sponsoring organization make any taxable distributions under section 4966? . . .	9a				
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? . . .	9b				
10 Section 501(c)(7) organizations. Enter					
a Initiation fees and capital contributions included on Part VIII, line 12	10a				
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11 Section 501(c)(12) organizations. Enter					
a Gross income from members or shareholders	11a				
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?					
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O	13a				
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c Enter the amount of reserves on hand	13c				
14a Did the organization receive any payments for indoor tanning services during the tax year?	14a		No		
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	14b				
15 Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N	15		No		
16 Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O	16		No		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O See instructions Check if Schedule O contains a response or note to any line in this Part VI



Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year (14); 1b Enter the number of voting members included in line 1a, above, who are independent (13); 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? (No); 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? (No); 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? (Yes); 5 Did the organization become aware during the year of a significant diversion of the organization's assets? (No); 6 Did the organization have members or stockholders? (No); 7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? (No); 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? (No); 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? (Yes); b Each committee with authority to act on behalf of the governing body? (Yes); 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O (No).

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates? (No); 10b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? (Yes); 11b Describe in Schedule O the process, if any, used by the organization to review this Form 990; 12a Did the organization have a written conflict of interest policy? If "No," go to line 13 (Yes); 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? (Yes); 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done (Yes); 13 Did the organization have a written whistleblower policy? (Yes); 14 Did the organization have a written document retention and destruction policy? (Yes); 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? a The organization's CEO, Executive Director, or top management official (Yes); b Other officers or key employees of the organization (Yes); If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions); 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? (No); 16b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

Table with 2 columns: Question, Answer. Rows include: 17 List the States with which a copy of this Form 990 is required to be filed; 18 Section 6104 requires an organization to make its Form 1023 (or 1024-A if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply: Own website, Another's website, Upon request, Other (explain in Schedule O); 19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year; 20 State the name, address, and telephone number of the person who possesses the organization's books and records: Stephanie K Smith, 1935 Medical District Drive, Dallas, TX 75235 (214) 456-7000.

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

Table with 5 columns: (A) Total revenue, (B) Related or exempt function revenue, (C) Unrelated business revenue, (D) Revenue excluded from tax under sections 512 - 514. Rows include 1a-1f (Federated campaigns, Membership dues, Fundraising events, Related organizations, Government grants, All other contributions) and 1g (Noncash contributions) and 1h Total.

Table for Program Service Revenue with columns for Business Code and revenue amounts. Rows include 2a Health System Service Revenue (Business Code 622110, revenue 107,928,981) and 2f All other program service revenue, leading to 2g Total.

Main revenue table with 5 columns: (A) Total revenue, (B) Related or exempt function revenue, (C) Unrelated business revenue, (D) Revenue excluded from tax under sections 512 - 514. Rows include 3 Investment income, 4 Income from investment of tax-exempt bond proceeds, 5 Royalties, 6a-6d Gross rents, 7a-7d Gross amount from sales of assets other than inventory, 8a-8c Gross income from fundraising events, 9a-9c Gross income from gaming activities, 10a-10c Gross sales of inventory, 11a-11d Miscellaneous Revenue, and 12 Total revenue.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.				
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21.				
2 Grants and other assistance to domestic individuals. See Part IV, line 22.				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, line 15 and 16.				
4 Benefits paid to or for members.				
5 Compensation of current officers, directors, trustees, and key employees.	18,347,750	6,974,959	11,372,791	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7 Other salaries and wages.	131,900,453	50,459,936	81,440,517	
8 Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions).	5,423,955	2,074,992	3,348,963	
9 Other employee benefits.	18,684,585	7,147,989	11,536,596	
10 Payroll taxes.	8,955,694	3,426,097	5,529,597	
11 Fees for services (non-employees)				
a Management.				
b Legal.	3,427,749	101,529	3,326,220	
c Accounting.	487,588		487,588	
d Lobbying.				
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees.				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	54,155,233	32,550,201	21,605,032	0
12 Advertising and promotion.	13,014,343	28,974	12,985,369	
13 Office expenses.	8,672,041	240,509	8,431,532	
14 Information technology.	45,574,188	9,013,060	36,561,128	
15 Royalties.				
16 Occupancy.	24,036,051	2,983,370	21,052,681	
17 Travel.	1,058,137	190,074	868,063	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19 Conferences, conventions, and meetings.	2,801,868	405,962	2,395,906	
20 Interest.	37,305	37,305		
21 Payments to affiliates.				
22 Depreciation, depletion, and amortization.	17,345,678	7,125,261	10,220,417	
23 Insurance.	7,699,558	150,470	7,549,088	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Health System Allocated Shared Services	-361,015,133	-148,297,865	-212,717,268	
b Community Benefit Expense	46,542,108	46,542,108		
c Research	2,309,078	636,042	1,673,036	
d Special Events & Projects	2,238,133	149,606	2,088,527	
e All other expenses	5,539,788	1,711,055	3,828,733	0
25 Total functional expenses. Add lines 1 through 24e.	57,236,150	23,651,634	33,584,516	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part IX

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	180,444,932	1	100,478,576
	2 Savings and temporary cash investments	0	2	107,524,374
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	7,742,313	4	43,711,164
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	1,808,266	8	2,771,586
	9 Prepaid expenses and deferred charges	19,061,124	9	11,406,417
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	260,916,499		
	b Less accumulated depreciation	145,377,719		
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11	0	12	
	13 Investments—program-related See Part IV, line 11	0	13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	134,096,046	15	299,915,456
16 Total assets. Add lines 1 through 15 (must equal line 34)	436,709,236	16	681,346,353	
Liabilities	17 Accounts payable and accrued expenses	105,167,382	17	81,107,163
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties		23	4,858,545
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17 - 24) Complete Part X of Schedule D	1,087,207,789	25	1,279,344,029
	26 Total liabilities. Add lines 17 through 25	1,192,375,171	26	1,365,309,737
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	-755,665,935	27	-683,963,384
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	-755,665,935	33	-683,963,384	
34 Total liabilities and net assets/fund balances	436,709,236	34	681,346,353	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	118,277,782
2	Total expenses (must equal Part IX, column (A), line 25)	2	57,236,150
3	Revenue less expenses Subtract line 2 from line 1	3	61,041,632
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-755,665,935
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	10,660,919
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	-683,963,384

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

- 1** Accounting method used to prepare the Form 990 Cash Accrual Other _____
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
 If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both
 Separate basis Consolidated basis Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant?
 If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both
 Separate basis Consolidated basis Both consolidated and separate basis
- c** If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		No
2b	Yes	
2c	Yes	
3a		No
3b		

Additional Data

Software ID: 18007697

Software Version: 2018v3.1

EIN: 75-2062019

Name: Children's Health System of Texas

Form 990 (2018)

Form 990, Part III, Line 4a:

Children's Health System of Texas (CHST) assists in the management of related 501(c)(3) organizations that are part of an integrated pediatric health care system with a mission to make life better for children. CHST supports two full-service hospitals and one specialty hospital as well as an extensive network offering virtual, urgent, primary, specialty care and more to the children of North Texas and beyond.

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Instructional Trustee	Officer	Key employee	Highest compensated employee	Former			
Christopher J Durovich President & CEO	57 0	X		X				3,556,525	0	200,803
Ed Heffernan Chairman	1 0	X						0	0	0
Robert A Chereck Director	1 0	X						0	0	0
Michael Dardick Director	1 0	X						0	0	0
John Eagle Director	1 0	X						0	0	0
Lou Grabowsky Director	1 0	X						0	0	0
Steven M Gruber Director	1 0	X						0	0	0
Lee Hobson Director	1 0	X						0	0	0
Lee Jackson Director	1 0	X						0	0	0
Caren Kline Director	1 0	X						0	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Charles Matthews Jr Director	1 0 0	X						0	0	0
Thomas A Montgomery Director	1 0 0	X						0	0	0
Anne Motsenbocker Director	2 0 1 0 0	X						0	0	0
Connie O'Neill Director	1 0 0	X						0	0	0
Kent Jackman Director (until 1/29/2018)	1 0 0	X						0	0	0
Richard P Goode President Corporate Services & CFO	50 0 5 0			X				1,029,022	0	418,477
Tammie L Sibley SVP Finance	38 0 12 0			X				347,144	0	63,065
Jeffrey Vawrinek Secretary	46 0 4 0			X				343,457	0	0
Pamela Arora SVP Information Svcs & CIO	55 0 0 0			X				814,103	0	165,529
Kimberly Besse EVP & Chief HR Officer	55 0 0 0			X				628,252	0	152,542

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Instructional Trustee	Officer	Key employee	Highest compensated employee	Former			
Douglas Duwe Former Officer	50 0						X	357,841	0	69,446
Holland K Hassmann Former Officer	0 0						X	332,110	0	71,042
Jodi L Landon Former Officer	0 0						X	409,894	0	84,927
Brenda Paulsen Former Officer	50 0						X	379,149	0	68,425
Sue L Schell Former Officer	0 0						X	357,999	0	77,319
Stephanie K Smith Former Corporate Secretary	40 0						X	162,833	0	4,591
Claud Kern Wildenthal MD PhD Consultant & Former Officer	55 0						X	405,496	0	0
Mark E Ziemianski Former Officer	50 0						X	346,751	0	79,027

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No 1545-0047
2018
Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
Children's Health System of Texas

Employer identification number
75-2062019

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 12, check only one box)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ))
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An agricultural research organization described in **170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land grant college of agriculture See instructions Enter the name, city, and state of the college or university _____
- 10 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 exempt 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).** (Complete Part III)
- 11 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization

f Enter the number of supported organizations 16

g Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
See Additional Data Table						
Total	14				359,220,100	0

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv), 170(b)(1)(A)(vi), and 170(b)(1)(A)(ix)

(Complete only if you checked the box on line 5, 7, 8, or 9 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶		(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1	Gifts, grants, contributions, and membership fees received (Do not include any "unusual grant.")						
2	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3	The value of services or facilities furnished by a governmental unit to the organization without charge						
4	Total. Add lines 1 through 3						
5	The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6	Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶		(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
7	Amounts from line 4						
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11	Total support. Add lines 7 through 10						
12	Gross receipts from related activities, etc. (see instructions)					12	

13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14	Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f))	14	
15	Public support percentage for 2017 Schedule A, Part II, line 14	15	

- 16a 33 1/3% support test—2018.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶
- b 33 1/3% support test—2017.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶
- 17a 10%-facts-and-circumstances test—2018.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶
- b 10%-facts-and-circumstances test—2017.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶
- 18 Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►		(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1	Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2	Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3	Gross receipts from activities that are not an unrelated trade or business under section 513						
4	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5	The value of services or facilities furnished by a governmental unit to the organization without charge						
6	Total. Add lines 1 through 5						
7a	Amounts included on lines 1, 2, and 3 received from disqualified persons						
b	Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c	Add lines 7a and 7b						
8	Public support. (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►		(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
9	Amounts from line 6						
10a	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b	Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c	Add lines 10a and 10b						
11	Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12	Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13	Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ►

Section C. Computation of Public Support Percentage

15	Public support percentage for 2018 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2017 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for 2018 (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from 2017 Schedule A, Part III, line 17	18	

19a 33 1/3% support tests—2018. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ►

b 33 1/3% support tests—2017. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ►

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►

Part IV Supporting Organizations

(Complete only if you checked a box on line 12 of Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
1	Yes	
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
2	Yes	
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
3a		No
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
3b		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
3c		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 12a or 12b in Part I, answer (b) and (c) below.		
4a		No
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
4b		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
4c		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).		
5a	Yes	
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
5b		No
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
5c		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .		
6		No
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
7		No
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
8		No
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .		
9a		No
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .		
9b		No
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .		
9c		No
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer line 10b below.		
10a		No
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		
10b		

Part IV Supporting Organizations (continued)

		Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?		
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b	A family member of a person described in (a) above?		
c	A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI</i>		
		11a	No
		11b	No
		11c	No

Section B. Type I Supporting Organizations

		Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
		1	
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.</i>		
		2	

Section C. Type II Supporting Organizations

		Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		
		1	No

Section D. All Type III Supporting Organizations

		Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
		1	
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization (s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
		2	
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		
		3	

Section E. Type III Functionally-Integrated Supporting Organizations

1	Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions)		
a	<input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b	<input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c	<input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2	Activities Test Answer (a) and (b) below.		
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>	Yes	No
		2a	
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
		2b	
3	Parent of Supported Organizations Answer (a) and (b) below.		
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>		
		3a	
b	Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>		
		3b	

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI)		
2	Acquisition indebtedness applicable to non-exempt use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	
Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2018 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2018	(iii) Distributable Amount for 2018
1 Distributable amount for 2018 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2018 (reasonable cause required-- explain in Part VI) See instructions			
3 Excess distributions carryover, if any, to 2018			
a From 2013.			
b From 2014.			
c From 2015.			
d From 2016.			
e From 2017.			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2018 distributable amount			
i Carryover from 2013 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2018 from Section D, line 7 \$			
a Applied to underdistributions of prior years			
b Applied to 2018 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2018, if any Subtract lines 3g and 4a from line 2 If the amount is greater than zero, explain in Part VI See instructions			
6 Remaining underdistributions for 2018 Subtract lines 3h and 4b from line 1 If the amount is greater than zero, explain in Part VI See instructions			
7 Excess distributions carryover to 2019. Add lines 3j and 4c			
8 Breakdown of line 7			
a Excess from 2014.			
b Excess from 2015.			
c Excess from 2016.			
d Excess from 2017.			
e Excess from 2018.			

Part VI Supplemental Information. Provide the explanations required by Part II, line 10, Part II, line 17a or 17b, Part III, line 12, Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c, Part IV, Section B, lines 1 and 2, Part IV, Section C, line 1, Part IV, Section D, lines 2 and 3, Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b, Part V, line 1, Part V, Section B, line 1e, Part V Section D, lines 5, 6, and 8, and Part V, Section E, lines 2, 5, and 6 Also complete this part for any additional information (See instructions)

Facts And Circumstances Test

990 Schedule A, Supplemental Information

Return Reference	Explanation
Schedule A, Part I, Line 12g(ii) Type of Organization	Children's Med Ctr Research Inst at UTSWMC - 509(a)(3) Type I, Pediatric Partners - 509(a)(3) Type I, Physicians Quality Alliance of North Texas - 509(a)(3) Type I, CHST Physician Group 1 - Pending Application for Recognition of Exemption Under Section 501(c)(3) CHST Physician Group 2 - Pending Application for Recognition of Exemption Under Section 501(c)(3) CHST Physician Group 3 - Pending Application for Recognition of Exemption Under Section 501(c)(3) CHST Physician Group 4 - Pending Application for Recognition of Exemption Under Section 501(c)(3) CHST Physician Group 5 - Pending Application for Recognition of Exemption Under Section 501(c)(3) CHST Physician Group 6 - Pending Application for Recognition of Exemption Under Section 501(c)(3)

990 Schedule A, Supplemental Information

Return Reference	Explanation
Schedule A, Part IV, Section A, Line 2 Supported Org Without IRS Status 509(a)1 or (2)	CHST Physician Group 1, CHST Physician Group 2, CHST Physician Group 3, CHST Physician Group 4, CHST Physician Group 5, and CHST Physician Group 6 are new non-profit corporations formed with the State of Texas. At the end of tax year 2018, these organizations did not presently have IRS determination of status. The gross receipts for each organization, each taxable year, are normally no more than \$5,000. Internal Revenue Code section 6033(a)(3)(A)(ii) provides a mandatory exception to filing for determination. However, these organizations do comply with Internal Revenue Code section 6033(i)(1) by filing Form 990-EZ each year.

990 Schedule A, Supplemental Information

Return Reference	Explanation
Schedule A, Part IV, Section A, Line 5a Added, Substituted, or Removed Sup Org	Children's BMG was dissolved with the State of Texas and its final tax return was filed in 2017

990 Schedule A, Supplemental Information

Return Reference	Explanation
Schedule A, Part IV, Section C, Line 1 Majority director detail	The fact that the management of CHST is vested in the same persons that control and manage the supported organizations allows CHST and its supported organizations to function collectively as a health system. CHST provides management and administrative support to the supported organizations and various other services that further the supported organizations' tax-exempt purpose of providing health services to the community. The fact that one or more members of the core leadership team of each of the supported organizations is also a member of the CHST core leadership team assures that CHST is responsive to the needs and demands of the supported organizations.

Additional Data**Software ID:** 18007697**Software Version:** 2018v3.1**EIN:** 75-2062019**Name:** Children's Health System of Texas**Form 990, Sch A, Part I, Line 12g - Provide the following information about the supported organization(s).**

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A) Children's Health Clinical Operations	750800628	3	Yes		336,532,754	0
(A) Children's Medical Center Foundation	752062015	7	Yes		0	0
(B) Anesthesiologists For Children	752917570	9	Yes		2,487,800	0
(C) Dallas Phys Med Svcs for Children Inc	810584868	3	Yes		2,477,026	0
(D) Physicians For Children	752854505	3	Yes		8,993,376	0
(E) Complex Care Med Svc Corp	461893597	3	Yes		627,455	0
(F) Children's Medical Center Health Plan	462737696	9	Yes		276,016	0
(G) OCH Holdings	474837308	3	Yes		7,825,673	0
(H) CHST Physician Group 1	813582843	9	Yes		0	0
(I) CHST Physician Group 2	813679995	9	Yes		0	0
(J) CHST Physician Group 3	813691209	9	Yes		0	0
(K) CHST Physician Group 4	814577909	9	Yes		0	0
(L) CHST Physician Group 5	814848085	9	Yes		0	0
(M) CHST Physician Group 6	814865847	9	Yes		0	0

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements
▶ Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No 1545-0047
2018
Open to Public Inspection

Name of the organization
Children's Health System of Texas

Employer identification number
75-2062019

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e g , recreation or education) Preservation of an historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year	
a Total number of conservation easements	2a	
b Total acreage restricted by conservation easements	2b	
c Number of conservation easements on a certified historic structure included in (a)	2c	
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)
- a** Public exhibition
 - b** Scholarly research
 - c** Preservation for future generations
 - d** Loan or exchange programs
 - e** Other
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5** During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b** If "Yes," explain the arrangement in Part XIII and complete the following table
- | | Amount |
|---|--------|
| 1c Beginning balance | |
| 1d Additions during the year | |
| 1e Distributions during the year | |
| 1f Ending balance | |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? . . . Yes No
- b** If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a** Board designated or quasi-endowment ▶
 - b** Permanent endowment ▶
 - c** Temporarily restricted endowment ▶
- The percentages on lines 2a, 2b, and 2c should equal 100%
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- | | | |
|--|-----|----|
| (i) unrelated organizations | Yes | No |
| (ii) related organizations | | |
| b If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R? | | |
- 4** Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		19,032,825		19,032,825
b Buildings		11,529,447	1,090,310	10,439,137
c Leasehold improvements		3,834,986	1,043,969	2,791,017
d Equipment		203,803,871	143,243,440	60,560,431
e Other		22,715,370		22,715,370
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) . . . ▶				115,538,780

Part VII Investments—Other Securities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)	▶	

Part VIII Investments—Program Related. Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)	▶	

Part IX Other Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) Investments in Affiliates	264,197,170
(2) UTSW Physician Guarantees	2,767,247
(3) Insurance Recoveries	32,951,039
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15)	▶ 299,915,456

Part X Other Liabilities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
LT Advances - Affiliates	1,232,539,181
UTSW Phys Guarantees	11,465,093
LT Deferred Rent	1,308,861
LT Non-Qualified Plan	284,000
Reserve for Professional Liab	33,746,894
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	▶ 1,279,344,029

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)		5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)		5	

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Return Reference	Explanation	
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Part XIII **Supplemental Information (continued)**

Return Reference	Explanation
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**SCHEDULE F
(Form 990)**

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No 1545-0047

2018

Open to Public Inspection

Name of the organization
Children's Health System of Texas

Employer identification number
75-2062019

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers.** Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2 For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States
- 3** Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
Central America and the Caribbean	0	0	Investments		26,972,100
3a Sub-total	0	0			26,972,100
b Total from continuation sheets to Part I					0
c Totals (add lines 3a and 3b)	0	0			26,972,100

Part II Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶ _____

3 Enter total number of other organizations or entities ▶ _____

Part III Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16.

Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)

Part IV Foreign Forms

- 1 Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U S Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* Yes No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to separately file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U S Owner (see Instructions for Forms 3520 and 3520-A, don't file with Form 990)* Yes No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U S Persons with Respect to Certain Foreign Corporations (see Instructions for Form 5471)* Yes No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* Yes No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U S Persons with Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* Yes No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713, don't file with Form 990)* Yes No

Part V **Supplemental Information**

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

ReturnReference	Explanation

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**
▶ **Attach to Form 990.**
▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No 1545-0047

2018

Open to Public Inspection

Name of the organization
Children's Health System of Texas

Employer identification number
75-2062019

Part I Questions Regarding Compensation

		Yes	No		
<p>1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> First-class or charter travel <input checked="" type="checkbox"/> Travel for companions <input checked="" type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) </td> </tr> </table>	<input checked="" type="checkbox"/> First-class or charter travel <input checked="" type="checkbox"/> Travel for companions <input checked="" type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account	<input checked="" type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)			
<input checked="" type="checkbox"/> First-class or charter travel <input checked="" type="checkbox"/> Travel for companions <input checked="" type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account	<input checked="" type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)				
<p>b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</p>	1b	Yes			
<p>2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</p>	2	Yes			
<p>3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee </td> </tr> </table>	<input checked="" type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee			
<input checked="" type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee				
<p>4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization</p>					
<p>a Receive a severance payment or change-of-control payment?</p>	4a	Yes			
<p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p>	4b	Yes			
<p>c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</p>	4c		No		
<p>Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</p>					
<p>5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of</p>					
<p>a The organization?</p>	5a		No		
<p>b Any related organization? If "Yes," on line 5a or 5b, describe in Part III</p>	5b		No		
<p>6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of</p>					
<p>a The organization?</p>	6a		No		
<p>b Any related organization? If "Yes," on line 6a or 6b, describe in Part III</p>	6b		No		
<p>7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described in lines 5 and 6? If "Yes," describe in Part III</p>	7	Yes			
<p>8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III</p>	8		No		
<p>9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>	9				

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Return Reference	Explanation
Schedule J, Part I, Line 3 PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	<p>The Children's Health System of Texas (CHST) process for determining executive compensation is as follows. The Human Resources Committee (Committee) of the CHST Board is responsible for setting the compensation for executives. The Committee is comprised of independent, non-employee directors. A written compensation philosophy has been developed by the Human Resources Committee for timeliness and appropriateness and defines the desired peer groups for compensation surveys. The HR Committee engages the services of an independent compensation consultant for executive compensation.</p> <p>COMPENSATION PROGRAM COMPONENTS The elements of total compensation provided to CHST executives include:</p> <ul style="list-style-type: none"> - Cash compensation (i.e., base salary, short-term and long-term incentive compensation, and/or other cash compensation), determined in consideration of competitive market practices, organizational and individual performance, recruitment and retention considerations, and other relevant factors. - Standard benefits, assisting in each executive's medical, dental, disability, life insurance, time off, and retirement needs, reflective of the employment status (i.e., full or part time) of the executive. - Supplemental benefits, including supplemental insurance, retirement benefits, and/or other supplemental benefits determined by the Committee to be appropriate and reasonable in relation to marketplace practices. <p>Compensation and benefits decisions are made in consideration of each executive's position, responsibilities, skills, effort, and performance, in relation to documented practices within the appropriate comparator group(s).</p> <p>PEER GROUP The Committee has defined its primary peer group for executives as not-for-profit health care organizations similar in size, structure, and complexity. This group will include leading pediatric health systems as well as integrated health systems and academic medical centers.</p> <ul style="list-style-type: none"> - Data will be compiled in a manner consistent with the IRS Intermediate Sanctions rules of federal tax law, to reflect what is "ordinarily paid to like executives by like enterprises under like circumstances." - In certain circumstances, market data from additional comparator groups (e.g., research institutions, insurance industry, and general industry companies) may also be referenced. - The specific nature of the role at CHST will be considered when adding comparator groups outside of the primary peer group, and the Committee will discuss and agree on the appropriateness of adding comparator groups whenever the specific nature of the CHST role requires additional comparator groups to be used.

Return Reference	Explanation
Schedule J, Part I, Line 1a First-class or charter travel	* The Children's Health written policy on business and educational travel prohibits first class travel except when approved in advance by the CEO or by the Board Chair

Return Reference	Explanation
Schedule J, Part I, Line 1a Travel for companions	* Companion travel is prohibited except when it is deemed to further Children's business activities and must be approved in advance by the CEO or Board Chair There were no employees that received taxable income as a result of companion travel in 2018

Return Reference	Explanation
Schedule J, Part I, Line 1a Tax indemnification and gross-up payments	* Compensation is grossed up in limited circumstances with prior approval of the appropriate board committee. There were no employees that received taxable income as a result of grossed up compensation in 2018.

Return Reference	Explanation
Schedule J, Part I, Line 1a Housing allowance or residence for personal use	* In an effort to continue to attract quality leadership, Children's Health provides temporary housing allowances as a taxable benefit to executives and other key employees relocating to Dallas. There were no employees that received taxable nor non-taxable income as a result of housing allowances compensation in 2018.

Return Reference	Explanation
Schedule J, Part I, Line 4a Severance or change-of-control payment	Severance Payment *Severance - Robert Robidou - \$259,900 *Severance - Lawrence Foust - \$793,200 * Severance - Jerry Lee - \$475,800

Return Reference	Explanation
Schedule J, Part I, Line 4b Supplemental nonqualified retirement plan	<p>Non-Qualified Retirement Plan * Retirement Income Restoration Plan - Christopher J Durovich participated in the Retirement Income Restoration Plan and received \$647,485 in taxable income during 2018</p> <p>* Savings Restoration Plan Employees who received taxable income from the Savings Restoration Plan include Christopher J Durovich - \$352,127, Jerry Lee - \$13,682, William Morrow - \$12,299 Additional employees who participated in the Savings Restoration Plan include Pamela Arora, Kimberly Besse, Jeff Vawrinek, Ray Tsai, Jodi Landon</p> <p>* Executive Defined Contribution Retirement Plan (EDCRP) Employees who received taxable income from the EDCRP include Christopher J Durovich - \$141,304, Jerry Lee - \$177,633, William Morrow - \$503,367, Pamela Arora - \$48,412, Peter Perialas - \$50,265, Ray Tsai - \$55,523, Doris Hunt - \$46,197, Kimberly Besse - \$57,259, Matthew Davis - \$45,160, Keri Kaiser - \$28,239, Jodi Landon - \$34,719, James Herring - \$73,579, Julie Hall-Barrow - \$5,857, Rob Robidou - \$121,165, Lawrence Foust - \$349,857, Brenda Paulsen - \$29,971, Sue Schell - \$27,556, Douglas Duwe - \$33,067, Mark Ziemianski - \$29,595, Holland Hassmann - \$30,271 Employees who received compensation reported as deferred in column C from the EDCRP include Christopher J Durovich - \$157,922, Pamela Arora - \$131,548, David Berry - \$187,944, Kimberly Besse - \$117,900, Brent Christopher - \$156,275, Matthew Davis - \$117,443, William Elvey - \$95,279, Lawrence Foust - \$24,406, Richard Goode - \$400,183, Julie Hall-Barrow - \$55,773, Doris Hunt - \$114,651, Keri Kaiser - \$97,164, Jerry Lee - \$18,351, William Morrow - \$99,636, Peter Perialas - \$133,926, Jeremiah Radandt - \$91,129, Tammie Sibley - \$41,448, Ray Tsai - \$120,550, Christopher Menzies - \$71,906, Matthew Moore - \$48,697, Rustin Morse - \$58,500, Robert Robidou - \$37,985, Douglas Duwe - \$49,872, Holland Hassmann - \$50,000, Jodi Landon - \$58,356, Brenda Paulsen - \$53,685, Sue Schell - \$51,935, Mark Ziemianski - \$51,222</p>

Return Reference	Explanation
Schedule J, Part I, Line 7 Non-fixed payments	Non-Fixed Payments - The Human Resources Committee of the Board of Directors of Children's Health System of Texas retains the authority to adjust annual payout percentages solely at their discretion



Additional Data

Software ID: 18007697
Software Version: 2018v3.1
EIN: 75-2062019
Name: Children's Health System of Texas

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Christopher J Durovich	(i)	1,132,271	1,262,355	1,161,899	175,306	25,497	3,757,328	0
President & CEO	(ii)	0	0	0	0	0	0	0
Douglas Duwe	(i)	240,783	75,351	41,707	60,872	8,575	427,288	0
Former Officer	(ii)	0	0	0	0	0	0	0
Holland K Hassmann	(i)	241,760	56,434	33,917	62,802	8,240	403,152	0
Former Officer	(ii)	0	0	0	0	0	0	0
Jodi L Landon	(i)	282,598	89,486	37,809	75,745	9,182	494,821	0
Former Officer	(ii)	0	0	0	0	0	0	0
Brenda Paulsen	(i)	262,727	82,394	34,028	62,729	5,696	447,574	0
Former Officer	(ii)	0	0	0	0	0	0	0
Sue L Schell	(i)	242,302	81,297	34,400	61,955	15,364	435,318	0
Former Officer	(ii)	0	0	0	0	0	0	0
Stephanie K Smith	(i)	128,098	14,598	20,137	0	4,591	167,424	0
Former Corporate Secretary	(ii)	0	0	0	0	0	0	0
Claud Kern Wildenthal MD PhD	(i)	405,496	0	0	0	0	405,496	0
Consultant & Former Officer	(ii)	0	0	0	0	0	0	0
Mark E Ziemianski	(i)	239,302	74,434	33,014	62,222	16,805	425,778	0
Former Officer	(ii)	0	0	0	0	0	0	0
Richard P Goode	(i)	716,612	310,110	2,300	408,147	10,330	1,447,500	0
President Corporate Services & CFO	(ii)	0	0	0	0	0	0	0
Tammie L Sibley	(i)	277,938	67,464	1,742	52,448	10,616	410,209	0
SVP Finance	(ii)	0	0	0	0	0	0	0
Jeffrey Vawrinek	(i)	297,660	42,953	2,845	0	0	343,457	0
Secretary	(ii)	0	0	0	0	0	0	0
Pamela Arora	(i)	423,011	334,666	56,426	150,048	15,481	979,632	0
SVP Information Svcs & CIO	(ii)	0	0	0	0	0	0	0
Kimberly Besse	(i)	374,135	191,028	63,089	133,677	18,865	780,794	0
EVP & Chief HR Officer	(ii)	0	0	0	0	0	0	0
William M Elvey	(i)	299,983	130,467	8,409	106,279	15,151	560,288	0
SVP Facilities and Real Estate	(ii)	0	0	0	0	0	0	0
Julie C Hall-Barrow	(i)	272,848	112,175	9,396	63,354	6,018	463,790	0
SVP Network Development and Innovation	(ii)	0	0	0	0	0	0	0
James Herring	(i)	490,523	277,884	79,886	16,500	0	864,793	0
EVP & Chief of Staff	(ii)	0	0	0	0	0	0	0
Keri A Kaiser	(i)	308,299	160,383	31,100	113,664	15,582	629,028	0
SVP Marketing Comm Consumer Exp & Chief Exp Officer	(ii)	0	0	0	0	0	0	0
Peter C Perias	(i)	434,648	223,604	53,784	144,926	11,771	868,733	0
EVP Chief Strategy Officer	(ii)	0	0	0	0	0	0	0
David T Berry	(i)	612,490	234,136	9,334	198,944	11,683	1,066,587	0
Pres Clin & Scientific Ops (until 5/17/2018)	(ii)	0	0	0	0	0	0	0

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees								
(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Brent E Christopher	(i)	505,370	265,146	14,212	167,275	5,501	957,503	0
President Foundation (until 5/17/2018)	(ii)	0	0	0	0	0	0	0
Matthew M Davis	(i)	384,390	173,016	48,160	126,990	7,087	739,643	0
Dallas Market EVP (until 5/17/2018)	(ii)	0	0	0	0	0	0	0
Lawrence L Foust	(i)	77,211	322,689	1,180,507	35,406	8,211	1,624,024	0
EVP CLO & General Counsel (until 2/20/2018)	(ii)	0	0	0	0	0	0	0
Doris E Hunt	(i)	372,046	175,843	49,657	125,651	10,123	733,320	0
SVP CHST Insurance Services (until 5/17/2018)	(ii)	0	0	0	0	0	0	0
Jerry D Lee	(i)	85,821	111,213	709,931	31,756	5,933	944,655	0
VP Accounting and Treasury (until 4/13/2018)	(ii)	0	0	0	0	0	0	0
William R Morrow MD	(i)	327,078	471,289	1,449,895	110,636	5,041	2,363,939	0
Pres Phys Orgs & Acdmc Rel CCO (until 5/17/2018)	(ii)	0	0	0	0	0	0	0
Jeremiah Radandt	(i)	353,423	116,576	1,812	100,453	13,423	585,688	0
Northern Market EVP (until 5/17/2018)	(ii)	0	0	0	0	0	0	0
Ray Tsai MD	(i)	385,115	240,355	59,144	138,665	16,720	839,998	0
SVP Dallas Market Operations (until 5/17/2018)	(ii)	0	0	0	0	0	0	0
Michele Chulick	(i)	0	548,268	0	0	0	548,268	0
Former President CHST Ventures	(ii)	0	0	0	0	0	0	0
Lisa M Frenkel	(i)	228,264	42,092	4,677	0	5,732	280,765	0
Associate General Counsel	(ii)	0	0	0	0	0	0	0
Christopher Menzies	(i)	357,080	112,680	38,021	88,406	2,451	598,638	0
VP Chief Med Information Offcr	(ii)	0	0	0	0	0	0	0
Matthew P Moore	(i)	234,426	75,631	1,240	65,197	9,059	385,552	0
VP Gvmt Rltns and Public Policy	(ii)	0	0	0	0	0	0	0
Rustin Morse	(i)	378,420	86,262	2,209	65,445	10,330	542,666	0
SVP Quality and Safety	(ii)	0	0	0	0	0	0	0
Robert K Robidou	(i)	193,874	72,790	411,613	47,894	6,050	732,222	0
VP CMC Hlth Plan	(ii)	0	0	0	0	0	0	0

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No 1545-0047

2018

Open to Public Inspection

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to www.irs.gov/Form990 for the latest information.

Department of the Treasury

Name of the organization
Children's Health System of Texas

Employer identification number

75-2062019

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Line 8b Committees	Children's Health System of Texas has established seven standing Committees of the Board, which have the authority to act for and on behalf of CHST, Children's Health Clinical Operations, Children's Medical Center Foundation, and their affiliates, operating divisions and division facilities to fulfill the responsibilities designated in the respective Committee charters. Written minutes are prepared and maintained for all formal meetings of each Committee. Actions by Written Consent are also prepared and maintained as they occur.

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Line 4 Significant changes to organizational documents	CHST - Bylaws amended 9/13/18 * The Bylaws were amended to reflect a change in the Board's ex-officio membership * Amendments to Article 5 of the Bylaws relating to the authority of the Board of Directors and the President and CEO to elect certain officers of the corporation

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Line 11b Review of form 990 by governing body	A draft of the Form 990 is presented to the corporation's Audit Committee for review. A copy of the Form 990 is made available to the directors through our Board portal before it is filed with the IRS.

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Line 12c Conflict of interest policy	<p>* Officers, directors, and key employees receive annually a copy of the Children's Health Statement of Interest form to complete. Disclosures made are reviewed by the CHST Legal Department and the Chief Compliance Officer, who are authorized under the Children's Health Conflict of Interest Policy to make determinations under the Policy regarding persons who are medical staff members or employees of Children's Health and its affiliates. Disclosures made by senior officers (as defined in the Policy) are reviewed by the Compliance Officer, the Chief Legal Officer, and CHST's President and Chief Executive Officer to determine if a conflict exists. Disclosures made by directors of CHST and its affiliates, as well as by the President and Chief Executive Officer of CHST, are discussed as necessary with the appropriate delegated Board Committee and, if required pursuant to the Policy, by the appropriate Board of Directors at meetings to determine if further action is needed. A Statement of Interest must be completed annually and Board members are requested to report changes if they occur. A Committee or Board member with a potential conflict is prohibited from participating in deliberations regarding the transaction in question and will recuse themselves from voting.</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Line 15a Process to establish compensation of top management official	The Children's Health System of Texas (CHST) process for determining compensation for the top management position is as follows. The Human Resources Committee (Committee) of the CHST Board is responsible for setting the compensation for the top management official. The Committee is comprised of independent, non-employee directors. A written compensation philosophy has been developed by the Human Resources Committee for timeliness and appropriateness and defines the desired peer groups for compensation surveys. The HR Committee engages the services of an independent compensation consultant for executive compensation.

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Line 15b Process to establish compensation of other employees	The Children's Health System of Texas (CHST) process for determining compensation for officers and executives is as follows. The Human Resources Committee (Committee) of the CHST Board is responsible for setting the compensation for officers and executives. The Committee is comprised of independent, non-employee directors. A written compensation philosophy has been developed by the Human Resources Committee for timeliness and appropriateness and defines the desired peer groups for compensation surveys. The HR Committee engages the services of an independent compensation consultant for executive compensation.

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Line 19 Required documents available to the public	IRC section 6104 does not require disclosure of the financial statements, conflict of interest policy and governing documents. The Certificate of Formation, Consolidated Financial Statements, and the conflict of interest policy are made available upon request.

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part IX, Line 24a Other expenses - HEALTH SYSTEM ALLOCATED SHARED SERVICES	Beginning with the 2016 Form 990, Children's Health System of Texas is presenting expenses in full, as incurred, on lines 1-24e prior to the reduction for those expenses incurred on behalf of wholly-owned organizations. This reduction for the allocation of shared services expenses to wholly-owned organizations is presented on Part IX, line 24a. In prior years, the reduction of allocated shared services expenses was included within each individual functional expense category on Line 1-24e, respectively.

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part IX, Line 11g Other Fees	Consulting & Professional fees - Total Expense 17656525, Program Service Expense 1527932, Management and General Expenses 16128593, Fundraising Expenses , Contract Medical - Total Expense 36490275, Program Service Expense 31021802, Management and General Expenses 5468473, Fundraising Expenses , Other Contract Services - Total Expense 8433, Program Service Expense 467, Management and General Expenses 7966, Fundraising Expenses ,

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part XI, Line 9 Other changes in net assets or fund balances	Non controlling interest in Joint Ventures - -273707, Other changes in net assets or fund balances - -112844, Company Terminations - 9116970, Paid-In Capital - Joint Ventures - 1930500,

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2018

**Open to Public
Inspection**

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
- ▶ Attach to Form 990.
- ▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Department of the Treasury
Internal Revenue Service

Name of the organization
Children's Health System of Texas

Employer identification number

75-2062019

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

See Additional Data Table

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

See Additional Data Table

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No

Part III Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Wellness Innovations LLC (1117 - 41817) 1935 Medical District Drive Dallas, TX 75235 47-5246461	Physicians	TX	CHST Investment Holdings LLC	Unrelated	0	0		No		Yes		51 %

Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) ALTERNATIVE CARE SYSTEMS 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 75-2244475	OTHER MEDICAL SERVICES	TX	CHILDREN'S HEALTH SYSTEM OF TEXAS	C Corporation	0	4,928,130	100 %	Yes	
(2) NTPSS INC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-1036641	PHYSICIAN SOLUTIONS	TX	Pediatric Partners	C Corporation	0	0	0 %		No
(3) Texas Bluebonnet Insurance Company 1935 Medical District Drive Dallas, TX 75235 47-5032893	Insurance Company	TX	Children's Health System of Texas	C Corporation	2,291	4,948,093	100 %	Yes	
(4) Texas Trinity River Assurance Company 98-1318151	Self-insurance	CJ	Children's Health System of Texas	C Corporation	0	26,972,100	100 %	Yes	
(5) Wellness Innovations Physician Partners 1935 Medical District Drive Dallas, TX 75235 81-1734937	Health Services	TX	Children's Health System of Texas	C Corporation	32,728	0	100 %	Yes	
(6) Children's Health 1935 Medical District Drive Dallas, TX 75235 83-3809987	Other Medical Services	TX	Children's Health System of Texas	C Corporation	0	0	100 %	Yes	

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity		No
b Gift, grant, or capital contribution to related organization(s)		No
c Gift, grant, or capital contribution from related organization(s)	Yes	
d Loans or loan guarantees to or for related organization(s)		No
e Loans or loan guarantees by related organization(s)	Yes	
f Dividends from related organization(s)		No
g Sale of assets to related organization(s)		No
h Purchase of assets from related organization(s)		No
i Exchange of assets with related organization(s)		No
j Lease of facilities, equipment, or other assets to related organization(s)		No
k Lease of facilities, equipment, or other assets from related organization(s)		No
l Performance of services or membership or fundraising solicitations for related organization(s)	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	Yes	
o Sharing of paid employees with related organization(s)	Yes	
p Reimbursement paid to related organization(s) for expenses		No
q Reimbursement paid by related organization(s) for expenses		No
r Other transfer of cash or property to related organization(s)	Yes	
s Other transfer of cash or property from related organization(s)		No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

See Additional Data Table

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved

Part VI Unrelated Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII **Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

Software ID: 18007697
Software Version: 2018v3.1
EIN: 75-2062019
Name: Children's Health System of Texas

Form 990, Schedule R, Part I - Identification of Disregarded Entities

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Total income	(e) End-of-year assets	(f) Direct Controlling Entity
(1) CHST HOLDINGS 1 LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-2374583	HEALTH CARE RELATED INVESTMENTS	TX	0	5,909,451	CHILDREN'S HEALTH SYSTEM OF TEXAS
(1) CHST HOLDINGS 2 LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-2819566	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS
(2) CHST HOLDINGS 3 LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-2845243	HEALTH CARE RELATED INVESTMENTS	TX	0	17,213,883	CHILDREN'S HEALTH SYSTEM OF TEXAS
(3) CHST HOLDINGS 4 LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-2851889	HEALTH CARE RELATED INVESTMENTS	TX	0	2,052,000	CHILDREN'S HEALTH SYSTEM OF TEXAS
(4) CHST Investment Holdings LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-2874792	HEALTH CARE RELATED INVESTMENTS	TX	0	25,113,326	CHILDREN'S HEALTH SYSTEM OF TEXAS
(5) CHST Holdings 6 LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 81-1003744	HEALTH CARE RELATED INVESTMENTS	TX	548,966	547,400	CHILDREN'S HEALTH SYSTEM OF TEXAS
(6) CHST Holdings 7 LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 81-1010503	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS
(7) Pediatric Ambulatory Surgery Center Southlake LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-5207507	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS
(8) Pediatric Ambulatory Surgery Centers LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-5215454	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS
(9) MODH LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-2459932	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS
(10) Mend Medical Management LLC 1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 47-3938514	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS
(11) Pediatric Imaging Associates LLC 1936 MEDICAL DISTRICT DRIVE DALLAS, TX 75236 47-4371967	HEALTH CARE RELATED INVESTMENTS	TX	-433,098	5,560,759	CHILDREN'S HEALTH SYSTEM OF TEXAS
(12) Pediatric Imaging Partners LLC 1937 MEDICAL DISTRICT DRIVE DALLAS, TX 75237 47-2104673	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS
(13) Children's Health Imaging Center LLC 1938 MEDICAL DISTRICT DRIVE DALLAS, TX 75238 38-4043597	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS
(14) Legacy Trail Surgery Center LLC 1939 MEDICAL DISTRICT DRIVE DALLAS, TX 75239 82-2278618	HEALTH CARE RELATED INVESTMENTS	TX	-881,621	7,018,470	CHILDREN'S HEALTH SYSTEM OF TEXAS
(15) CHSR LLC 1940 MEDICAL DISTRICT DRIVE DALLAS, TX 75240 37-1865547	HEALTH CARE RELATED INVESTMENTS	TX	0	0	CHILDREN'S HEALTH SYSTEM OF TEXAS

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 75-0800628	Hospital	TX	501(c)(3)	3	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 75-2062015	FOUNDATION	TX	501(c)(3)	7	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 75-2854505	PHYSICIANS	TX	501(c)(3)	3	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 81-0584868	PHYSICIANS	TX	501(c)(3)	3	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 46-1893597	MEDICAL SERVICES	TX	501(c)(3)	3	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 46-2737696	HMO	TX	501(c)(3)	10	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 45-3462044	RESEARCH INSTITUTE	TX	501(c)(3)	Type I	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 46-1917702	CLINICALLY INTEGRATED NETWORK	TX	501(c)(3)	Type I	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 75-2917570	PHYSICIANS	TX	501(c)(3)	10	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 46-4049491	PHYSICIANS	TX	501(c)(3)	Type I	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 MEDICAL DISTRICT DRIVE DALLAS, TX 75235 20-4101612	MEDICAL DISTRICT	TX	501(c)(3)	Type I	N/A		No
12720 HILLCREST RD DALLAS, TX 75230 75-2485538	WOMEN'S AUXILIARY	TX	501(c)(3)	10	N/A		No
1935 Medical District Drive Dallas, TX 75235 47-4837308	Hospital	TX	501(c)(3)	3	Children's Medical Center of Dallas		No
1935 Medical District Drive Dallas, TX 75235 81-3582843	Physician	TX	501(c)(3)	10	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 Medical District Drive Dallas, TX 75235 81-3679995	Physician	TX	501(c)(3)	10	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 Medical District Drive Dallas, TX 75235 81-3691209	Physician	TX	501(c)(3)	10	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 Medical District Drive Dallas, TX 75235 81-4577909	Physician	TX	501(c)(3)	10	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 Medical District Drive Dallas, TX 75235 81-4848085	Physician	TX	501(c)(3)	10	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	
1935 Medical District Drive Dallas, TX 75235 81-4865847	Physician	TX	501(c)(3)	10	CHILDREN'S HEALTH SYSTEM OF TEXAS	Yes	

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of related organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
(1)	Children's Medical Center Foundation	D	564,045	GAAP
(1)	Anesthesiologists for Children	D	17,400,314	GAAP
(2)	Children's Medical Center Health Plan	D	203,416	GAAP
(3)	Dallas Physician Medical Services for Children	D	14,534,997	GAAP
(4)	Physicians For Children	D	41,308,119	GAAP
(5)	Children's Health Clinical Operations	E	1,268,281,158	GAAP
(6)	NTPSS Inc	E	121,441	GAAP
(7)	Alternative Care Systems	E	4,939,665	GAAP
(8)	Complex Care Medical Services Corporation	E	252,622	GAAP
(9)	Children's Research Institute at the UTSWMC	E	345,053	GAAP
(10)	OCH Holdings	E	25,522,775	GAAP
(11)	Pediatric Partners	E	634,287	GAAP
(12)	Physician Quality Alliance of North Texas	E	940,579	GAAP
(13)	Children's Health Clinical Operations	L	336,683,258	GAAP
(14)	OCH Holdings	L	7,825,673	GAAP
(15)	Complex Care Medical Services Corporation	L	627,455	GAAP
(16)	Pediatric Partners	L	254,467	GAAP
(17)	Dallas Physician Medical Services for Children	L	2,477,026	GAAP
(18)	Children's Medical Center Health Plan	L	276,016	GAAP
(19)	The Health and Wellness Alliance for Children	L	8,993,376	GAAP
(20)	Physicians For Children	L	1,502,422	GAAP
(21)	Anesthesiologists for Children	L	2,487,800	GAAP
(22)	Children's Medical Center Foundation	C	3,121,405	GAAP