

Form 990-T

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

2019

For calendar year 2019 or other tax year beginning 2019, and ending 2019

Go to www.irs.gov/Form990T for instructions and the latest information.

Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury Internal Revenue Service

- Check box if address changed
Exempt under section 501(c)(3)
408(e) 220(e)
408A 530(a)
529(a)

Name of organization CHILDREN'S HEALTH SYSTEM OF TEXAS
Number, street, and room or suite no 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 Unrelated business activity code

C Book value of all assets at end of year 1,076,884,114

F Group exemption number
G Check organization type 501(c) corporation 501(c) trust 401(a) trust Other trust

H Enter the number of the organization's unrelated trades or businesses. Describe the only (or first) unrelated trade or business here. If only one, complete Parts I-V. If more than one, describe the first in the blank space at the end of the previous sentence, complete Parts I and II, complete a Schedule M for each additional trade or business, then complete Parts III-V.

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? No

J The books are in care of AMY YEAGER Telephone number (214) 456-7000

Table with 4 columns: Description, (A) Income, (B) Expenses, (C) Net. Rows include Gross receipts or sales, Cost of goods sold, Gross profit, Capital gain net income, etc.

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Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Deductions must be directly connected with the unrelated business income.)

Table with 4 columns: Description, (A) Income, (B) Expenses, (C) Net. Rows include Compensation of officers, directors, and trustees, Salaries and wages, Repairs and maintenance, etc.

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**Part III Total Unrelated Business Taxable Income**

<b>32</b>	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions)	<b>32</b>	0
<b>33</b>	Amounts paid for disallowed fringes	<b>33</b>	
<b>34</b>	Charitable contributions (see instructions for limitation rules)	<b>34</b>	0
<b>35</b>	Total unrelated business taxable income before pre-2018 NOLs and specific deduction. Subtract line 34 from the sum of lines 32 and 33	<b>35</b>	0
<b>36</b>	Deduction for net operating loss arising in tax years beginning before January 1, 2018 (see instructions)	<b>36</b>	0
<b>37</b>	Total of unrelated business taxable income before specific deduction. Subtract line 36 from line 35	<b>37</b>	0
<b>38</b>	Specific deduction (Generally \$1,000, but see line 38 instructions for exceptions)	<b>38</b>	0
<b>39</b>	<b>Unrelated business taxable income.</b> Subtract line 38 from line 37. If line 38 is greater than line 37, enter the smaller of zero or line 37.	<b>39</b>	0

**Part IV Tax Computation**

<b>40</b>	<b>Organizations Taxable as Corporations.</b> Multiply line 39 by 21% (0.21)	<b>40</b>	0
<b>41</b>	<b>Trusts Taxable at Trust Rates.</b> See instructions for tax computation. Income tax on the amount on line 39 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	<b>41</b>	
<b>42</b>	<b>Proxy tax.</b> See instructions	<b>42</b>	
<b>43</b>	Alternative minimum tax (trusts only)	<b>43</b>	
<b>44</b>	<b>Tax on Noncompliant Facility Income.</b> See instructions	<b>44</b>	
<b>45</b>	<b>Total.</b> Add lines 42, 43, and 44 to line 40 or 41, whichever applies	<b>45</b>	0

**Part V Tax and Payments**

<b>46a</b>	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	<b>46a</b>	
<b>b</b>	Other credits (see instructions)	<b>46b</b>	
<b>c</b>	General business credit. Attach Form 3800 (see instructions)	<b>46c</b>	
<b>d</b>	Credit for prior year minimum tax (attach Form 8801 or 8827)	<b>46d</b>	
<b>e</b>	<b>Total credits.</b> Add lines 46a through 46d	<b>46e</b>	0
<b>47</b>	Subtract line 46e from line 45	<b>47</b>	0
<b>48</b>	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	<b>48</b>	0
<b>49</b>	<b>Total tax.</b> Add lines 47 and 48 (see instructions)	<b>49</b>	0
<b>50</b>	2019 net 965 tax liability paid from Form 965-A or Form 965-B, Part II, column (k), line 3	<b>50</b>	
<b>51a</b>	Payments: A 2018 overpayment credited to 2019	<b>51a</b>	1,082
<b>b</b>	2019 estimated tax payments	<b>51b</b>	0
<b>c</b>	Tax deposited with Form 8868	<b>51c</b>	
<b>d</b>	Foreign organizations: Tax paid or withheld at source (see instructions)	<b>51d</b>	
<b>e</b>	Backup withholding (see instructions)	<b>51e</b>	
<b>f</b>	Credit for small employer health insurance premiums (attach Form 8941)	<b>51f</b>	
<b>g</b>	Other credits, adjustments, and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4130 <input type="checkbox"/> Other 0 Total	<b>51g</b>	0
<b>52</b>	<b>Total payments.</b> Add lines 51a through 51g	<b>52</b>	1,082
<b>53</b>	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	<b>53</b>	
<b>54</b>	<b>Tax due.</b> If line 52 is less than the total of lines 49, 50, and 53, enter amount owed	<b>54</b>	0
<b>55</b>	<b>Overpayment.</b> If line 52 is larger than the total of lines 49, 50, and 53, enter amount overpaid	<b>55</b>	1,082
<b>56</b>	Enter the amount of line 55 you want credited to 2020 estimated tax <input type="checkbox"/> 0 <b>Refunded</b>	<b>56</b>	1,082

**Part VI Statements Regarding Certain Activities and Other Information** (see instructions)

	Yes	No
<b>57</b> At any time during the 2019 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If "Yes," the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country here		✓
<b>58</b> During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the organization may have to file.		✓
<b>59</b> Enter the amount of tax-exempt interest received or accrued during the tax year \$ 0		

**Sign Here** 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 taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: *Rachel Spurlock* Date: 11/10/2020 Title: SENIOR VICE PRESIDENT, FINANCE

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

<b>Paid Preparer Use Only</b>	Print/Type preparer's name RACHEL SPURLOCK	Preparer's signature <i>Rachel Spurlock</i>	Date 11/9/2020	Check <input type="checkbox"/> if self-employed	PTIN P00520729
	Firm's name CROWE LLP	Firm's EIN 35-0921680		Phone no (214) 777-5200	
	Firm's address 750 N ST PAUL, SUITE 850, DALLAS, TX 75201				

**Schedule A—Cost of Goods Sold.** Enter method of inventory valuation ▶

<b>1</b> Inventory at beginning of year	<b>1</b>	0	<b>6</b> Inventory at end of year . . . . .	<b>6</b>	0
<b>2</b> Purchases . . . . .	<b>2</b>	0	<b>7</b> <b>Cost of goods sold.</b> Subtract line 6 from line 5. Enter here and in Part I, line 2 . . . . .	<b>7</b>	0
<b>3</b> Cost of labor . . . . .	<b>3</b>	0			
<b>4a</b> Additional section 263A costs (attach schedule) . . . . .	<b>4a</b>	0	<b>8</b> Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? . . . . .	Yes	No
<b>b</b> Other costs (attach schedule)	<b>4b</b>	0			
<b>5</b> <b>Total.</b> Add lines 1 through 4b	<b>5</b>	0			

**Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)**  
(see instructions)

<b>1.</b> Description of property		
(1)		
(2)		
(3)		
(4)		
<b>2.</b> Rent received or accrued		
<b>(a)</b> From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	<b>(b)</b> From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	<b>3(a)</b> Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	0	Total 0
<b>(c) Total income.</b> Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶		<b>(b) Total deductions.</b> Enter here and on page 1, Part I, line 6, column (B) ▶
		0

**Schedule E—Unrelated Debt-Financed Income** (see instructions)

<b>1.</b> Description of debt-financed property		<b>2.</b> Gross income from or allocable to debt-financed property	<b>3.</b> Deductions directly connected with or allocable to debt-financed property	
			<b>(a)</b> Straight line depreciation (attach schedule)	<b>(b)</b> Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
<b>4.</b> Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	<b>5.</b> Average adjusted basis of or allocable to debt-financed property (attach schedule)	<b>6.</b> Column 4 divided by column 5	<b>7.</b> Gross income reportable (column 2 × column 6)	<b>8.</b> Allocable deductions (column 6 × total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
<b>Totals</b> ▶			Enter here and on page 1, Part I, line 7, column (A)	Enter here and on page 1, Part I, line 7, column (B)
			0	0
<b>Total dividends-received deductions</b> included in column 8 ▶				0

**Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

**Nonexempt Controlled Organizations**

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				

Add columns 5 and 10  
Enter here and on page 1, Part I, line 8, column (A)

Add columns 6 and 11  
Enter here and on page 1, Part I, line 8, column (B)

**Totals** 0 0

**Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col 3 plus col 4)
(1)				
(2)				
(3)				
(4)				
		Enter here and on page 1, Part I, line 9, column (A)	Enter here and on page 1, Part I, line 9, column (B)	

**Totals** 0 0

**Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income** (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3) If a gain, compute cols 5 through 7	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
		Enter here and on page 1, Part I, line 10, col (A)	Enter here and on page 1, Part I, line 10, col (B)			Enter here and on page 1, Part II, line 25

**Totals** 0 0

**Schedule J—Advertising Income** (see instructions)

**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals (carry to Part II, line (5))</b>		0	0	0		0

**Part II** **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals from Part I</b>	0	0				0
<b>Totals, Part II (lines 1-5)</b>	0	0				0

**Schedule K—Compensation of Officers, Directors, and Trustees** (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
<b>Total. Enter here and on page 1, Part II, line 14</b>			0

Year Generated	Amount Generated	Amount Used in Prior Years	Amount Used in Current Year	Amount Converted to NOL	Amount Remaining	Contribution Carryover Expires
2019	50,000	0	0	0	50,000	2024
<b>Totals</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	

Year Generated	Amount Generated	Converted Contributions	Amount Used in Prior Years	Amount Used in Current Year	Amount Remaining	NOL Expires
2015	1,459,092		0		1,459,092	2035
2016	1,566,013		0		1,566,013	2036
2017	82,789		0		82,789	2037
<b>Totals</b>	<b>3,107,894</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,107,894</b>	

Return Reference - Identifier	Explanation
FORM 990-T PART III, LINE 36 - NOL ARISING IN TAX YEARS BEGINNING BEFORE JANUARY 1, 2018	<p>NET OPERATING LOSS ARISING BEFORE TAX YEARS BEGINNING BEFORE JANUARY 1, 2018</p> <p>THE NET OPERATING LOSS (NOL) DEDUCTION USED DURING THE TAX YEAR ENDED DECEMBER 31, 2018 AS REPORTED ON THE 2018 FORM 990-T WAS \$245,760 CHILDREN'S HEALTH SYSTEM OF TEXAS REPORTED DISALLOWED TRANSPORTATION FRINGES IN THE AMOUNT OF \$245,760 ON LINE 34 ON THE 2018 FORM 990-T DUE TO THE RETROACTIVE REPEAL OF IRC SECTION 512(A)(7), THE AMOUNT OF NOL DEDUCTION USED IN 2018 REPORTED ON THE NOL CARRYFORWARD SCHEDULE OF THE 2019 FORM 990-T HAS BEEN ADJUSTED ACCORDINGLY THE ADJUSTED 2015 NOL IS CALCULATED AS FOLLOWS</p> <p>TAX YEAR 2015 NOL DEDUCTION AS REPORTED ON 2018 FORM 990-T \$245,760 LESS TRANSPORTATION FRINGES INCLUDED IN INCOME ON LINE 34 OF 2018 FORM 990-T \$245,760 ADJUSTED TAX YEAR 2015 NOL DEDUCTION ON 2018 FORM 990-T \$0</p>