

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.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016
Open to Public Inspection

A For the 2016 calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization THE SHRINERS' HOSPITAL FOR CHILDREN		D Employer identification number 04-2121377
	Doing business as		E Telephone number (813) 281-0300
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	
	POST OFFICE BOX 31356		G Gross receipts \$ 407,785,134.
	City or town, state or province, country, and ZIP or foreign postal code TAMPA, FL 33631-3356		
F Name and address of principal officer: DALE STAUSS 2900 ROCKY POINT DRIVE, TAMPA, FL 33607		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> 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: ▶ WWW.SHRINERSHOSPITALSFORCHILDREN.ORG

K Form of organization: Corporation Trust Association Other ▶ **L** Year of formation: 1925 **M** State of legal domicile: MA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: WE PROVIDE PEDIATRIC SPECIALTY CARE WITHOUT FINANCIAL OBLIGATION TO PATIENTS OR THEIR FAMILIES.		
	2 Check this box <input type="checkbox"/> 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)	3	21
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	18
	5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	517
	6 Total number of volunteers (estimate if necessary)	6	1000
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	28,204,633.	66,943,554.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	7,969,769.	9,098,429.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	50,368,804.	22,896,959.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,208,131.	1,481,264.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	87,751,337.	100,420,206.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	30,392,256.	31,561,925.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶	0.	0.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	29,842,002.	30,890,732.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	60,234,258.	62,452,657.
19 Revenue less expenses. Subtract line 18 from line 12	27,517,079.	37,967,549.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	1,082,212,882.	1,067,274,187.
	22 Net assets or fund balances. Subtract line 21 from line 20	95,333,032.	9,287,179.

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		Date
	DALE STAUSS, PRESIDENT Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name ALICIA BROWN	Preparer's signature	Date
	Firm's name ▶ CBIZ MHM, LLC	Firm's EIN ▶ 27-3605969	Check if self-employed <input type="checkbox"/> PTIN P01337755
	Firm's address ▶ 13577 FEATHER SOUND DRIVE, #400 CLEARWATER, FL 33762	Phone no. (727) 572-1400	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: SEE SCHEDULE O

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 [X] No

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

4a (Code:) (Expenses \$ 55,671,009 including grants of \$) (Revenue \$ 9,098,429.) STATE-OF-THE-ART MEDICAL CARE: SHRINERS HOSPITALS FOR CHILDREN SERVES 179 COUNTRIES, TREATING MORE THAN 100,000 UNIQUE CHILDREN EACH YEAR. OUR ORGANIZATIONAL MISSION IS TO PROVIDE THE HIGHEST QUALITY OF CARE TO CHILDREN WITHIN A COMPASSIONATE, FAMILY-CENTERED AND COLLABORATIVE CARE ENVIRONMENT. OUR TEAM OF HIGHLY-SKILLED MEDICAL PROFESSIONALS ARE AMONG SOME OF THE MOST RECOGNIZED INDIVIDUALS IN THE FIELDS OF PEDIATRIC BURN CARE AND PEDIATRIC ORTHOPEDIC CARE. CONTINUED ON SCHEDULE O

4b (Code:) (Expenses \$ 3,882,916 including grants of \$) (Revenue \$) RESEARCH: SHRINERS HOSPITALS FOR CHILDREN PRIDES ITSELF ON THE WRAP-AROUND CARE THAT IT PROVIDES TO PATIENTS AND FAMILIES. AS A HEALTH CARE SYSTEM WITH 22 LOCATION IN THE U.S., CANADA AND MEXICO, OUR STAFF IS DEDICATED TO IMPROVING THE LIVES OF CHILDREN BY PROVIDING PEDIATRIC SPECIALTY CARE, CONDUCTING INNOVATIVE RESEARCH, AND OFFERING OUTSTANDING TEACHING PROGRAMS FOR MEDICAL PROFESSIONALS. OUR RESEARCH TEAM IS AMONG THE MOST HIGHLY RENOWNED, GAINING NATIONAL RECOGNITION FOR CLINICAL RESEARCH. SIX SHC LOCATIONS ARE MAJOR RESEARCH HOSPITALS, WORKING TO DEVELOP NEW TREATMENTS AND TECHNOLOGICAL ADVANCES WITHIN THE MEDICAL COMMUNITY.

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 59,553,925.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
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>	X	
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>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
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>		X
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>		X
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>		X
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>		X
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>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
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>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
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>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
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>		X
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>		X
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>	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
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>		
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>		X
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>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

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

Input box for Schedule O check

Main table with columns for question number, description, and Yes/No checkboxes. Includes rows 1a-14b with various tax-related questions.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 [X]

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; 1b Enter the number of voting members included in line 1a, above, who are independent; 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?; 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?; 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?; 5 Did the organization become aware during the year of a significant diversion of the organization's assets?; 6 Did the organization have members or stockholders?; 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?; 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?; 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? b Each committee with authority to act on behalf of the governing body?; 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.

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?; 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?; 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; 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?; 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done; 13 Did the organization have a written whistleblower policy?; 14 Did the organization have a written document retention and destruction policy?; 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; b Other officers or key employees of the organization; 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?; 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

- 17 List the states with which a copy of this Form 990 is required to be filed MA
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. [X] Own website [] Another's website [X] 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: SHARON RUSSELL - 813-281-0300 2900 ROCKY POINT DR., TAMPA, FL 33607-1435

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below 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			
(1) DALE W. STAUSS PRESIDENT, TRUSTEE	5.00 0.00	X		X				0.	19,000.	0.
(2) JERRY G. GANTT CHAIRMAN	2.00 40.00	X		X				0.	66,500.	0.
(3) CHRIS L. SMITH VICE PRESIDENT	2.00 37.00	X		X				0.	47,500.	0.
(4) JAMES L. MCCONNELL TREASURER	2.00 22.00	X		X				0.	0.	0.
(5) TIMOTHY J. LUTTRELL ASSISTANT TREASURER, TRUSTEE	2.00 0.00	X		X				0.	0.	0.
(6) JACK H. JONES ASSISTANT SECRETARY	2.00 10.00	X		X				0.	0.	0.
(7) BRADFORD LACHUT TRUSTEE	2.00 0.00	X						0.	0.	0.
(8) DOUGLAS E. MAXWELL TRUSTEE	2.00 0.00	X						0.	0.	0.
(9) SKIP D.F. STANAWAY TRUSTEE	2.00 5.00	X						0.	0.	0.
(10) PETER P. DIAZ, M.D. TRUSTEE	2.00 5.00	X						0.	0.	0.
(11) STEVEN E. BEHE TRUSTEE	2.00 0.00	X						0.	0.	0.
(12) ROBERT SUMNER TRUSTEE	2.00 0.00	X						0.	0.	0.
(13) ROBERT L. BAKER, CPA TRUSTEE	2.00 0.00	X						0.	0.	0.
(14) BARRY J. GATES TRUSTEE	2.00 0.00	X						0.	0.	0.
(15) ANTHONY M. WEST TRUSTEE	2.00 5.00	X						0.	0.	0.
(16) JAMES A. DOEL TRUSTEE	2.00 5.00	X						0.	0.	0.
(17) RICK WILLIAMS TRUSTEE	2.00 5.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below 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			
(18) BRANDT BEDE TRUSTEE	2.00 5.00	X						0.	0.	0.
(19) GARY BERGENSKE TRUSTEE	2.00 12.00	X						0.	0.	0.
(20) ROBERT L. TURNER TRUSTEE	2.00 0.00	X						0.	0.	0.
(21) ROBERT BENNETT TRUSTEE	2.00 0.00	X						0.	0.	0.
(22) DAVID M. DRVARIC, M.D. CHIEF OF STAFF	40.00 0.00					X		539,805.	0.	98,212.
(23) PRERANA PATEL ORTHOPEDIC SURGEON, ASST PROF	40.00 0.00					X		462,156.	0.	2,900.
(24) H LEE KIRK ADMINISTRATOR	40.00 0.00					X		229,351.	0.	6,662.
(25) JOHN O'NEILL ADMINISTRATOR	40.00 0.00					X		227,863.	0.	7,308.
(26) JOHN DEWEESE ORTHOPEDIC SURGEON, ASST PROF	32.00 0.00					X		189,173.	0.	3,523.
1b Sub-total								1,648,348.	133,000.	118,605.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								1,648,348.	133,000.	118,605.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization 64

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
THE GENERAL HOSPITAL CORPORATION 55 FRUIT ST, BOSTON, MA 02114	OUTSIDE PATIENT SERVICES	8,295,534.
SPRINGFIELD ANESTHESIA SERVICES 908 ALLEN ST, SPRINGFIELD, MA 01101	ANESTHESIOLOGY SERVICES	506,175.
CRITICAL CARE MEDFLIGHT INC PO BOX 245, LAWRENCEVILLE, GA 30046-0245	MEDICAL TRANSPORTATION SERVICES	419,703.
DR. EDWARD BITTNER 36 GARDEN ST, BOSTON, MA 02114	MEDICAL SERVICES	381,131.
UNIVERSITY HOSPITAL 88 E NEWTON ST, BOSTON, MA 02118	MEDICAL SERVICES	217,773.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization 10

Part VIII Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	63,403,578.				
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	3,539,976.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			66,943,554.			
Program Service Revenue	2 a PATIENT SERVICE	Business Code	621110	9,098,429.	9,098,429.		
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f			9,098,429.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			26,729,449.		26,729,449.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	1,243,320.				
		(ii) Personal					
		b Less: rental expenses	0.				
	c Rental income or (loss)		1,243,320.				
	d Net rental income or (loss)			1,243,320.		1,243,320.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities	303,531,311.				
		(ii) Other		1,127.			
		b Less: cost or other basis and sales expenses	307,364,928.		0.		
		c Gain or (loss)	-3,833,617.		1,127.		
	d Net gain or (loss)			-3,832,490.		-3,832,490.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses					
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses						
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold						
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a							
	b						
	c						
	d All other revenue	900099		237,944.		237,944.	
e Total. Add lines 11a-11d			237,944.				
12 Total revenue. See instructions.			100,420,206.	9,098,429.	0.	24,378,223.	

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 X

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
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, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
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	25,148,729.	25,148,729.		
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,841,053.	1,841,053.		
9 Other employee benefits	2,784,530.	2,784,530.		
10 Payroll taxes	1,787,613.	1,787,613.		
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	2,295,660.		2,295,660.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	12,723,980.	12,723,980.		
12 Advertising and promotion	454,352.	454,352.		
13 Office expenses	1,485,494.	1,485,494.		
14 Information technology	46,262.	46,262.		
15 Royalties				
16 Occupancy	2,852,017.	2,852,017.		
17 Travel	258,952.	258,952.		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	130,939.	130,939.		
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,230,374.	4,230,374.		
23 Insurance	603,072.		603,072.	
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 MEDICAL SUPPLIES	4,802,404.	4,802,404.		
b PATIENT TRAVEL COSTS	795,114.	795,114.		
c DUES AND REGISTRATIONS	167,759.	167,759.		
d _____				
e All other expenses	44,353.	44,353.		
25 Total functional expenses. Add lines 1 through 24e	62,452,657.	59,553,925.	2,898,732.	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 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 X

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	411,936.	1	197,479.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	1,864,174.	4	3,974,809.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	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 instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	933,374.	8	745,623.
	9 Prepaid expenses and deferred charges	548,402.	9	462,208.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 152,611,277.		
	b Less: accumulated depreciation	10b 84,924,552.	67,924,334.	10c 67,686,725.
	11 Investments - publicly traded securities	918,437,177.	11	980,876,881.
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	92,093,485.	15	13,330,462.
16 Total assets. Add lines 1 through 15 (must equal line 34)	1,082,212,882.	16	1,067,274,187.	
Liabilities	17 Accounts payable and accrued expenses	5,902,733.	17	6,508,406.
	18 Grants payable		18	
	19 Deferred revenue	1,716,114.	19	2,778,773.
	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		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	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	87,714,185.	25	0.
	26 Total liabilities. Add lines 17 through 25	95,333,032.	26	9,287,179.
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	986,879,850.	27	1,057,987,008.
	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	986,879,850.	33	1,057,987,008.	
34 Total liabilities and net assets/fund balances	1,082,212,882.	34	1,067,274,187.	

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	100,420,206.
2	Total expenses (must equal Part IX, column (A), line 25)	2	62,452,657.
3	Revenue less expenses. Subtract line 2 from line 1	3	37,967,549.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	986,879,850.
5	Net unrealized gains (losses) on investments	5	54,983,365.
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	-21,843,756.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,057,987,008.

Part XII Financial Statements and Reporting

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

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
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: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
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.	X	
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? _____		X
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 _____		

Form **990** (2016)

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

(Complete only if you checked the box on line 5, 7, or 8 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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2015 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2016. 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		<input type="checkbox"/>
b 33 1/3% support test - 2015. 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		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2016. 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		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2015. 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		<input type="checkbox"/>
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		<input type="checkbox"/>

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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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 2016 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2016. 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 - 2015. 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 in line 12 on 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? <i>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.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
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)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>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.</i>		
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)? <i>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.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>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).</i>		
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?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
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? <i>If "Yes," provide detail in Part VI.</i>		
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? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
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))? <i>If "Yes," provide detail in Part VI.</i>		
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? <i>If "Yes," provide detail in Part VI.</i>		
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? <i>If "Yes," provide detail in Part VI.</i>		
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)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

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? If "Yes" to a, b, or c, provide detail in Part VI.		
11a		
11b		
11c		

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? 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.		
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? 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.		
1		
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)? 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).		
1		

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?		
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? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
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? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
1		
2		
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.		Yes	No
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? 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.			
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? 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.			
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? Provide details in Part VI.			
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.			
2a			
2b			
3a			
3b			

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

1 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):		
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 2016 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-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required- explain in Part VI). See instructions			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013			
d From 2014			
e From 2015			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions			
6 Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions			
7 Excess distributions carryover to 2017. Add lines 3j and 4c			
8 Breakdown of line 7:			
a			
b Excess from 2013			
c Excess from 2014			
d Excess from 2015			
e Excess from 2016			

Schedule A (Form 990 or 990-EZ) 2016

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.)

Multiple horizontal lines for supplemental information.

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Name of the organization

THE SHRINERS' HOSPITAL FOR CHILDREN

Employer identification number

04-2121377

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

Name of organization THE SHRINERS' HOSPITAL FOR CHILDREN	Employer identification number 04-2121377
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	<hr/> <hr/> <hr/> <hr/>	\$ 63,403,578.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization THE SHRINERS' HOSPITAL FOR CHILDREN	Employer identification number 04-2121377
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Part II Noncash Property (See instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	

Name of organization THE SHRINERS' HOSPITAL FOR CHILDREN	Employer identification number 04-2121377
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Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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.**

▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization THE SHRINERS' HOSPITAL FOR CHILDREN **Employer identification number** 04-2121377

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 a 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 Tax 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 8/17/06, 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?

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)?

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

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule D (Form 990) 2016

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
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

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 on 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	916,304,098.	970,144,874.	963,141,651.	858,306,892.	774,831,322.
b Contributions					
c Net investment earnings, gains, and losses	75,583,538.	-15,047,821.	30,540,448.	126,977,206.	106,867,079.
d Grants or scholarships					
e Other expenditures for facilities and programs	13,080,834.	38,792,955.	23,537,225.	22,142,447.	23,391,509.
f Administrative expenses					
g End of year balance	978,806,802.	916,304,098.	970,144,874.	963,141,651.	858,306,892.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment 100.00 %
- b Permanent endowment .00 %
- c Temporarily restricted endowment .00 %

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
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)	X	
3b	X	

b If "Yes" on line 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		303,990.		303,990.
b Buildings		107,699,459.	50,601,508.	57,097,951.
c Leasehold improvements		414,179.	410,915.	3,264.
d Equipment		40,983,562.	33,912,129.	7,071,433.
e Other		3,210,087.		3,210,087.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				67,686,725.

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. (Col. (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. (Col. (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)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

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	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

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	89,508,911.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	54,983,365.
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	54,983,365.
3	Subtract line 2e from line 1	3	34,525,546.
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	2,295,660.
b	Other (Describe in Part XIII.)	4b	63,599,000.
c	Add lines 4a and 4b	4c	65,894,660.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5	100,420,206.

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	59,961,575.
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	0.
3	Subtract line 2e from line 1	3	59,961,575.
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	2,295,660.
b	Other (Describe in Part XIII.)	4b	195,422.
c	Add lines 4a and 4b	4c	2,491,082.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	62,452,657.

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.

PART V, LINE 4:

THE ENDOWMENT FUNDS (INCLUDING UNRESTRICTED FUND BALANCES) ARE A

SIGNIFICANT SOURCE OF SUPPORT FROM WHICH SHRINERS HOSPITALS FOR CHILDREN

PERFORMS ITS PROGRAM SERVICES TO ACHIEVE ITS PRIMARY EXEMPT PURPOSE.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

FUNDING REVENUES RECLASSIFIED FROM OTHER CHANGES IN FUND

BALANCE 63,403,578.

MISCELLANEOUS REVENUE RECLASSIFIED TO EXPENSE 195,422.

TOTAL TO SCHEDULE D, PART XI, LINE 4B 63,599,000.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

Part XIII Supplemental Information *(continued)*

MISCELLANEOUS REVENUE RECLASSIFIED TO EXPENSE 195,422.

Multiple horizontal lines for supplemental information.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2016

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**
▶ **Attach to Form 990.**
▶ **Information about Schedule H (Form 990) and its instructions is at www.irs.gov/form990.**

**Open to Public
Inspection**

Name of the organization THE SHRINERS' HOSPITAL FOR CHILDREN **Employer identification number** 04-2121377

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:	X	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>400</u> %		
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:		X
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		X
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?	X	
b If "Yes," did the organization make it available to the public?	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			20,008,269.	1,922,817.	18,085,452.	28.96%
b Medicaid (from Worksheet 3, column a)			35,662,740.	7,175,612.	28,487,128.	45.61%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			55,671,009.	9,098,429.	46,572,580.	74.57%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			3,882,916.		3,882,916.	6.22%
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits			3,882,916.		3,882,916.	6.22%
k Total. Add lines 7d and 7j			59,553,925.	9,098,429.	50,455,496.	80.79%

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 2

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

Table with columns: Licensed hospital, Gen. medical & surgical, Children's hospital, Teaching hospital, Critical access hospital, Research facility, ER-24 hours, ER-other, Other (describe), Facility reporting group. Contains two rows of facility data for Boston and Springfield.

Part V Facility Information (continued)

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group SHRINERS HOSPITAL FOR CHILDREN-GROUP A

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1, 2

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: <u>20 15</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	X	
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.SHRINERSHOSPITALSFORCHILDREN.ORG</u>		
b <input type="checkbox"/> Other website (list url): _____		
c <input type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 12</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a If "Yes," (list url): <u>WWW.SHRINERSHOSPITALSFORCHILDREN.ORG</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group SHRINERS HOSPITAL FOR CHILDREN-GROUP A

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	X	
If "Yes," indicate the eligibility criteria explained in the FAP:			
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>400</u> % and FPG family income limit for eligibility for discounted care of <u>0</u> %		
b	<input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input type="checkbox"/> Asset level		
d	<input type="checkbox"/> Medical indigency		
e	<input type="checkbox"/> Insurance status		
f	<input type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input checked="" type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	X	
15	Explained the method for applying for financial assistance?	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a	<input type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input checked="" type="checkbox"/> Other (describe in Section C)		
16	Was widely publicized within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
c	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
j	<input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group SHRINERS HOSPITAL FOR CHILDREN-GROUP A

	Yes	No
17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment?		X
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input type="checkbox"/> None of these actions or other similar actions were permitted		
19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?		X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs		
b <input type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process		
c <input type="checkbox"/> Processed incomplete and complete FAP applications		
d <input type="checkbox"/> Made presumptive eligibility determinations		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	21		X
If "No," indicate why:			
a <input checked="" type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility's policy was not in writing			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d <input type="checkbox"/> Other (describe in Section C)			

Part V Facility Information *(continued)*

Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)

Name of hospital facility or letter of facility reporting group SHRINERS HOSPITAL FOR CHILDREN-GROUP A

		Yes	No
22	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d	<input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C.	23	x
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C.	24	x

Schedule H (Form 990) 2016

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

SHRINERS HOSPITAL FOR CHILDREN-GROUP A

PART V, LINE 16A, FAP WEBSITE:

HTTP://WWW.SHRINERSHOSPITALSFORCHILDREN.ORG/EN/FINANCIAL-ASSISTANCE

SHRINERS HOSPITAL FOR CHILDREN-GROUP A

PART V, LINE 16B, FAP APPLICATION WEBSITE:

HTTP://WWW.SHRINERSHOSPITALSFORCHILDREN.ORG/EN/FINANCIAL-ASSISTANCE

SHRINERS HOSPITAL FOR CHILDREN-GROUP A

PART V, LINE 16C, FAP PLAIN LANGUAGE SUMMARY WEBSITE:

HTTP://WWW.SHRINERSHOSPITALSFORCHILDREN.ORG/EN/FINANCIAL-ASSISTANCE

SCHEDULE H, PART V, SECTION B. FACILITY REPORTING GROUP A

FACILITY REPORTING GROUP A CONSISTS OF:

- FACILITY 1: SHRINERS HOSPITAL FOR CHILDREN-BOSTON
- FACILITY 2: SHRINERS HOSPITAL FOR CHILDREN-SPRINGFIELD

GROUP A-FACILITY 1 -- SHRINERS HOSPITAL FOR CHILDREN-BOSTON

PART V, SECTION B, LINE 5: THE SHRINERS HOSPITALS FOR CHILDREN TOOK INTO

ACCOUNT INPUT FROM PERSONS WHO REPRESENT THE COMMUNITY FOR ITS MOST RECENT

CHNA THROUGH SURVEYS AND FOCUS GROUPS.

GROUP A-FACILITY 1 -- SHRINERS HOSPITAL FOR CHILDREN-BOSTON

PART V, SECTION B, LINE 11: AFTER CONDUCTING THE 2015 CHNA, SHRINERS

HOSPITALS FOR CHILDREN WILL CONTINUE ON A MULTIFACETED APPROACH THAT

INCLUDES AFFILIATE AND COMMUNITY PROVIDERS IN COMMUNITY OUTREACH,

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

COMMUNITY INVOLVEMENT, AND COMMUNITY EDUCATION TO ADDRESS IDENTIFIED

HEALTH CARE NEEDS WITHIN EACH MARKET. HEALTH CARE NEEDS THAT ARE

IDENTIFIED BUT NOT ADDRESSED WITHIN ANY ACTION PLAN FALL OUTSIDE OF THE

SERVICE OFFERINGS PROVIDED AT SHRINERS HOSPITALS FOR CHILDREN. SOME OF THE

NEEDS IDENTIFIED BUT NOT ADDRESSED ARE MENTAL HEALTH, DIABETES, ASTHMA,

AND DRUG & ALCOHOL ABUSE. THEREFORE, PATIENTS/FAMILIES PRESENTING WITH

HEALTH CARE NEEDS WHICH ARE OUTSIDE OF THE HOSPITAL SERVICE OFFERINGS

RECEIVE CARE COORDINATION AND ARE REFERRED TO THE APPROPRIATE

PROFESSIONALS WITHIN THE COMMUNITY FOR PROVISION OF THIS SERVICE.

GROUP A-FACILITY 1 -- SHRINERS HOSPITAL FOR CHILDREN-BOSTON

PART V, SECTION B, LINE 15E: PATIENTS QUALIFY FOR FINANCIAL ASSISTANCE

BASED UPON THEIR INCOME LEVEL COMPARED TO THE FEDERAL POVERTY GUIDELINES

AND INTERNAL POLICY.

GROUP A-FACILITY 2 -- SHRINERS HOSPITAL FOR CHILDREN-SPRINGFIE

PART V, SECTION B, LINE 5: THE SHRINERS HOSPITALS FOR CHILDREN TOOK INTO

ACCOUNT INPUT FROM PERSONS WHO REPRESENT THE COMMUNITY FOR ITS MOST RECENT

CHNA THROUGH SURVEYS AND FOCUS GROUPS.

GROUP A-FACILITY 2 -- SHRINERS HOSPITAL FOR CHILDREN-SPRINGFIE

PART V, SECTION B, LINE 6B: BAYSTATE MEDICAL CENTER, BAYSTATE FRANKLIN

MEDICAL CENTER, BAYSTATE MARY LANE HOSPITAL, BAYSTATE NOBLE HOSPITAL,

BAYSTATE WING HOSPITAL, COOLEY DICKINSON HOSPITAL, HOLYOKE MEDICAL CENTER,

MERCY MEDICAL CENTER, HEALTH NEW ENGLAND

GROUP A-FACILITY 2 -- SHRINERS HOSPITAL FOR CHILDREN-SPRINGFIE

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

PART V, SECTION B, LINE 11: AFTER CONDUCTING THE 2015 CHNA, SHRINERS HOSPITALS FOR CHILDREN WILL CONTINUE ON A MULTIFACETED APPROACH THAT INCLUDES AFFILIATE AND COMMUNITY PROVIDERS IN COMMUNITY OUTREACH, COMMUNITY INVOLVEMENT, AND COMMUNITY EDUCATION TO ADDRESS IDENTIFIED HEALTH CARE NEEDS WITHIN EACH MARKET. HEALTH CARE NEEDS THAT ARE IDENTIFIED BUT NOT ADDRESSED WITHIN ANY ACTION PLAN FALL OUTSIDE OF THE SERVICE OFFERINGS PROVIDED AT SHRINERS HOSPITALS FOR CHILDREN. SOME OF THE NEEDS IDENTIFIED BUT NOT ADDRESSED ARE MENTAL HEALTH, DIABETES, ASTHMA, AND DRUG & ALCOHOL ABUSE. THEREFORE, PATIENTS/FAMILIES PRESENTING WITH HEALTH CARE NEEDS WHICH ARE OUTSIDE OF THE HOSPITAL SERVICE OFFERINGS RECEIVE CARE COORDINATION AND ARE REFERRED TO THE APPROPRIATE PROFESSIONALS WITHIN THE COMMUNITY FOR PROVISION OF THIS SERVICE.

GROUP A-FACILITY 2 -- SHRINERS HOSPITAL FOR CHILDREN-SPRINGFIELD

PART V, SECTION B, LINE 15E: PATIENTS QUALIFY FOR FINANCIAL ASSISTANCE BASED UPON THEIR INCOME LEVEL COMPARED TO THE FEDERAL POVERTY GUIDELINES AND INTERNAL POLICY.

Part VI Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART I, LINE 3C:

SHRINERS HOSPITALS FOR CHILDREN OFFERS SPECIALIZED MEDICAL SERVICES
 PERTAINING TO ORTHOPAEDIC CONDITIONS, BURNS, SPINAL CORD INJURIES AND
 CLEFT LIP AND PALATE. UPON PATIENT ADMITTANCE FOR ONE OF THESE CONDITIONS,
 SHRINERS HOSPITALS FOR CHILDREN REVIEWS THE PATIENT'S "ABILITY TO PAY"
 USING FEDERAL POVERTY GUIDELINES SPECIFIED IN SCHEDULE H, PART I, LINE 3A,
 AND PROVIDES FREE OR DISCOUNTED CARE PURSUANT TO THESE GUIDELINES.
 NEVERTHELESS, SHRINERS HOSPITALS FOR CHILDREN WILL ALWAYS SERVE THESE
 SPECIALIZED NEEDS FOR ALL OF ITS PATIENTS, REGARDLESS OF THEIR "ABILITY TO
 PAY." AS SUCH, SHRINERS HOSPITALS FOR CHILDREN DID NOT APPLY ANY
 INCOME-BASED CRITERIA, ASSET TEST, OR OTHER MEANS TEST OR THRESHOLD FOR
 PROVIDING FREE CARE TO PATIENTS IN 2016.

PART I, LINE 7:

A GENERAL LEDGER ACCOUNTING SYSTEM WAS USED TO CALCULATE THE AMOUNTS
 REPORTED IN PART I, LINE 7. THE SYSTEM ADDRESSES ALL PATIENT SEGMENTS
 (INPATIENT AND OUTPATIENT). A COST-TO-CHARGE RATIO IS NOT PART OF THE
 SYSTEM AND IS NOT APPLICABLE TO SHRINERS HOSPITALS FOR CHILDREN.

Part VI Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART III, LINE 4:

BAD DEBT EXPENSE IS NOT APPLICABLE TO SHRINERS HOSPITALS FOR CHILDREN, AND AS SUCH, IS NOT PART OF THE FOOTNOTES IN ITS FINANCIAL STATEMENTS.

SHRINERS HOSPITALS FOR CHILDREN PROVIDES PATIENT CARE REGARDLESS OF THEIR ABILITY TO PAY. AS SUCH, THERE ARE NO REVENUES AGAINST WHICH A BAD DEBT COULD ARISE.

PART III, LINE 9B:

SHRINERS HOSPITALS FOR CHILDREN PROVIDES PATIENT CARE REGARDLESS OF THEIR ABILITY TO PAY. AS SUCH, THERE IS NO DEBT COLLECTION POLICY.

PART VI, LINE 2:

SHRINERS HOSPITALS FOR CHILDREN PROVIDES PEDIATRIC, ORTHOPAEDIC, AND BURN CARE REGARDLESS OF THEIR ABILITY TO PAY.

PART VI, LINE 3:

SHRINERS HOSPITALS FOR CHILDREN POSTS ITS CHARITY CARE POLICY IN ADMISSION

Part VI Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

AREAS, EMERGENCY ROOMS, AND OTHER AREAS OF FACILITIES WHERE ELIGIBLE

PATIENTS ARE LIKELY TO BE PRESENT, AND PROVIDES A COPY OF ITS POLICY TO

PATIENTS AS PART OF THE INTAKE PROCESS AND WITH DISCHARGE MATERIALS.

PART VI, LINE 4:

SHRINERS HOSPITALS FOR CHILDREN (THROUGH THIS ENTITY AND ITS RELATED

ENTITY) SERVE CHILDREN IN NEED OF SPECIALIZED ORTHOPAEDIC AND BURN CARE

ACROSS THE UNITED STATES AND WORLD-WIDE.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

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

2016

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization **THE SHRINERS' HOSPITAL FOR CHILDREN** Employer identification number **04-2121377**

Part I Questions Regarding Compensation

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.

- | | |
|--|---|
| <input checked="" type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input checked="" type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |

b If any of the boxes on 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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

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.

- | | |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

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:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- 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.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

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:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

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:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

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

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	X	
2	X	
4a		X
4b	X	
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2016

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(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				
(1) DAVID M. DRVARIC, M.D. CHIEF OF STAFF	(i)	521,805.	0.	18,000.	98,212.	0.	638,017.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) PRERANA PATEL ORTHOPEDIC SURGEON, ASST PROF	(i)	444,156.	0.	18,000.	2,900.	0.	465,056.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) H LEE KIRK ADMINISTRATOR	(i)	229,351.	0.	0.	6,662.	0.	236,013.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) JOHN O'NEILL ADMINISTRATOR	(i)	209,867.	0.	17,996.	7,308.	0.	235,171.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) JOHN DEWEESE ORTHOPEDIC SURGEON, ASST PROF	(i)	189,173.	0.	0.	3,523.	0.	192,696.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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.

PART I, LINE 1A:

FIRST CLASS TRAVEL IS AVAILABLE ONLY TO BOARD MEMBERS AND EXECUTIVE STAFF

AND ONLY IF THE FLIGHT IS LONGER THAN TWO AND A HALF HOURS. A COMPANION

ONLY QUALIFIES FOR TRAVEL IF HE OR SHE IS A COMPANION OF A BOARD MEMBER AND

IS ACTIVELY PARTICIPATING IN SHRINE BUSINESS DURING THE TRIP.

PART I, LINE 4B:

EMPLOYEES PARTICIPATING IN SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS (SERP):

DAVID M. DRVARIC, MD: \$93,980

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public
Inspection

Name of the organization THE SHRINERS' HOSPITAL FOR CHILDREN	Employer identification number 04-2121377
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FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

SHRINERS HOSPITALS FOR CHILDREN IN BOSTON AND SPRINGFIELD OFFER

"CHARITY CARE" AS PART OF AN INTERNATIONAL NETWORK OF PEDIATRIC

HOSPITALS DEDICATED TO PROVIDING EXCELLENT PATIENT CARE, RESEARCH, AND

EDUCATION FOR ORTHOPAEDIC CONDITIONS AND BURNS REGARDLESS OF THE

FAMILY'S ABILITY TO PAY.

SHRINERS HOSPITALS FOR CHILDREN-BOSTON SPECIALIZES IN PROVIDING

COMPREHENSIVE ACUTE CARE AND RECONSTRUCTIVE AND REHABILITATIVE CARE TO

CHILDREN WHO HAVE BEEN BURNED, INCLUDING ACUTE BURNS, SMOKE INHALATION

INJURY, RECONSTRUCTIVE SURGERY FOR HEALED BURNS, AND OTHER RELATED

CONDITIONS.

SHRINERS HOSPITALS FOR CHILDREN-SPRINGFIELD SPECIALIZES IN CARING FOR

CHILDREN WITH ORTHOPAEDIC CONDITIONS AND INJURIES SUCH AS SCOLIOSIS,

CLUBFOOT, AND ORTHOPAEDIC CONDITIONS RELATED TO CEREBRAL PALSY AND

SPINA BIFIDA. FOR MORE INFORMATION, VISIT

[HTTP://WWW.SHRINERSHOSPITALSFORCHILDREN.ORG/](http://WWW.SHRINERSHOSPITALSFORCHILDREN.ORG/) OR CALL 1-800-241-GIFT.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

OUR SPECIALIZED CARE EXTENDS BEYOND THE CONVENTIONAL WALLS OF THE

HOSPITAL. SHRINERS HOSPITALS FOR CHILDREN ALSO SEEKS TO DELIVER CARE TO

THOSE INTERNATIONALLY THROUGH OUR TELEHEALTH PROGRAM, WHICH ALLOWS

PATIENTS TO RECEIVE OUR WRAP-AROUND CARE VIA VIDEO CONFERENCING. WE

ALSO STRIVE TO HELP THOSE IN NEED - ESPECIALLY WHEN DISASTER STRIKES.

MOST RECENTLY, SHC SENT GO-TEAMS TO BOTH MEXICO CITY AND GUATEMALA IN

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2016)

632211 08-25-16

Name of the organization THE SHRINERS' HOSPITAL FOR CHILDREN	Employer identification number 04-2121377
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THE WAKE OF DISASTER TO HELP THOSE AFFECTED BY THE TRAGEDIES.

FORM 990, PART VI, SECTION A, LINE 6:

THE ORGANIZATION IS ORGANIZED AS A NONPROFIT CORPORATION WITH MEMBERS.

MEMBERS HAVE THE RIGHT TO ELECT PERSONS BELONGING TO THE GOVERNING BODY,

AND TO APPROVE SIGNIFICANT DECISIONS OF THE GOVERNING BODY. COMPENSATION

IS NOT PROVIDED FOR BEING A MEMBER.

FORM 990, PART VI, SECTION A, LINE 7A:

THE ORGANIZATION HAS APPROXIMATELY 1,400 MEMBERS WHOM ARE APPOINTED FROM

THE TOTAL MEMBERSHIP OF SHRINERS INTERNATIONAL (A RELATED ORGANIZATION).

MEMBERS MAY ELECT PERSONS ON THE ORGANIZATION'S GOVERNING BODY, AND MAY

APPROVE SIGNIFICANT DECISIONS OF THE ORGANIZATION.

FORM 990, PART VI, SECTION A, LINE 7B:

UNDER THE BYLAWS OF THE ORGANIZATION, SIGNIFICANT DECISIONS OF THE

GOVERNING BODY REQUIRE APPROVAL BY THE ORGANIZATION'S 1,400 MEMBERS (SUCH

AS CHANGES TO THE BYLAWS, OR SIGNIFICANT RESTRUCTURING OR EXTRAORDINARY

EVENTS). THE ORGANIZATION'S MEMBERS ALSO MAY ELECT PERSONS TO SERVE ON THE

ORGANIZATION'S GOVERNING BODY. THE ORGANIZATION'S MEMBERS DO NOT HAVE

CONTROL OVER THE GENERAL OPERATIONS OR FINANCIAL MATTERS OF THE

ORGANIZATION. ELECTIONS ARE HELD ANNUALLY BY THE MEMBERS AT VARYING

LOCATIONS IN THE U.S. VOTING IS DECIDED WITH SIMPLE MAJORITY, WHERE EACH

MEMBER'S VOTE IS EQUAL WEIGHTED. ELECTED PERSONS SERVE A THREE-YEAR TERM

ON THE BOARD OF TRUSTEES, A ONE-YEAR TERM ON THE BOARD OF DIRECTORS, A

ONE-YEAR TERM FOR THE ORGANIZATION'S PRESIDENT, AND A ONE-YEAR TERM FOR THE

ORGANIZATION'S TREASURER. THE ORGANIZATION'S OFFICERS ARE NOT ELECTED, AND

INSTEAD ARE HIRED BY COMMITTEE.

Name of the organization THE SHRINERS' HOSPITAL FOR CHILDREN	Employer identification number 04-2121377
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FORM 990, PART VI, SECTION B, LINE 11B:

A FULL VERSION OF FORM 990 AS FILED WITH THE IRS IS MADE AVAILABLE TO EACH VOTING MEMBER OF THE GOVERNING BODY AND/OR DESIGNATED COMMITTEE RESPONSIBLE FOR PERFORMING A REVIEW PROCESS PRIOR TO FILING.

FORM 990, PART VI, SECTION B, LINE 12C:

THE ORGANIZATION HAS A WRITTEN CONFLICT OF INTEREST POLICY AND ALL MEMBERS ARE REQUIRED TO DISCLOSE ANY CONFLICTING INTERESTS OR STATE "NONE" ON THE ANNUAL CONFLICT OF INTEREST FORM. POTENTIAL CONFLICTS ARE DETERMINED BY THE BOARD OF DIRECTORS. THE PERSON(S) HAVING A POTENTIAL CONFLICT OF INTEREST ARE PROHIBITED FROM PARTICIPATING IN DELIBERATIONS/DECISIONS IN THE TRANSACTION.

FORM 990, PART VI, SECTION B, LINE 15:

A SALARY & PERSONNEL COMMITTEE IS INVOLVED WITH ALL COMPENSATION AND APPROVES WAGES FOR MANAGEMENT AND COMPARES THESE SALARIES TO VARIOUS MARKET INDICATORS.

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION'S GOVERNING DOCUMENTS (INCLUDING ITS CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS) ARE AVAILABLE TO THE PUBLIC UPON WRITTEN REQUEST.

FORM 990, PART IX, LINE 11G, OTHER FEES:

MEDICAL SERVICES:

PROGRAM SERVICE EXPENSES	12,723,980.
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MANAGEMENT AND GENERAL EXPENSES	0.
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Name of the organization THE SHRINERS' HOSPITAL FOR CHILDREN	Employer identification number 04-2121377
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FUNDRAISING EXPENSES 0.

TOTAL EXPENSES 12,723,980.

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A 12,723,980.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

INTERCOMPANY EQUITY -21,843,756.

FORM 990, PART XII, LINE 2C EXPLANATION:

THE ORGANIZATION HAS NOT CHANGED (DURING THE CURRENT YEAR) ITS
OVERSIGHT PROCESS OR ITS SELECTION PROCESS REGARDING THE COMMITTEE
RESPONSIBLE FOR THE OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS
AND THE SELECTION OF THE INDEPENDENT ACCOUNTANT. THE COMMITTEE MEETS
THREE TIMES A YEAR AND MEETS WITH THE ORGANIZATION'S INDEPENDENT
AUDITORS. ANY FINANCIAL CONCERN ENCOUNTERED IN THE SYSTEM IS ROUTED TO
THIS COMMITTEE. ALL MEMBERS OF THE COMMITTEE HOLD A CPA LICENSE.

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990.

▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization **THE SHRINERS' HOSPITAL FOR CHILDREN** Employer identification number **04-2121377**

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

(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.

(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
SHRINERS HOSPITALS FOR CHILDREN EMPLOYEE DISASTER RELIEF FUND - 26-3733381, 2900 ROCKY POINT DRIVE, TAMPA, FL 33607	DISASTER RELIEF	DISTRICT OF COLUMBIA	501(C)(3)	LINE 7	SHRINERS HOSPITALS FOR CHILDREN		X
SHRINERS HOSPITALS FOR CHILDREN - 36-2193608 POST OFFICE BOX 31356 TAMPA, FL 33631-3356	HOSPITAL SYSTEM	COLORADO	501(C)(3)	LINE 3	SHRINERS INTERNATIONAL		X
SHRINERS INTERNATIONAL - 36-2158164 POST OFFICE BOX 31356 TAMPA, FL 33631-3356	FOUNDED SHRINERS HOSPITALS FOR CHILDREN	IOWA	501(C)(10)	N/A	N/A		X
SHRINERS HOSPITALS FOR CHILDREN, A CANADIAN CORPORATION, 1529 CEDAR AVE, MONTREAL, QUEBEC, CANADA H36 1A6	HOSPITAL SYSTEM	CANADA	501(C)(3) EQUIVALENT	LINE 3	SHRINERS HOSPITALS FOR CHILDREN		X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2016

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		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)	X	
d Loans or loan guarantees to or for related organization(s)	X	
e Loans or loan guarantees by related organization(s)	X	
f Dividends from related organization(s)		X
g Sale of assets to related organization(s)		X
h Purchase of assets from related organization(s)		X
i Exchange of assets with related organization(s)		X
j Lease of facilities, equipment, or other assets to related organization(s)		X
k Lease of facilities, equipment, or other assets from related organization(s)		X
l Performance of services or membership or fundraising solicitations for related organization(s)		X
m Performance of services or membership or fundraising solicitations by related organization(s)		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
o Sharing of paid employees with related organization(s)	X	
p Reimbursement paid to related organization(s) for expenses		X
q Reimbursement paid by related organization(s) for expenses		X
r Other transfer of cash or property to related organization(s)	X	
s Other transfer of cash or property from related organization(s)		X

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.

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Electronic Filing PDF Attachment



SHRINERS HOSPITALS FOR CHILDREN

Combined Financial Statements

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

SHRINERS HOSPITALS FOR CHILDREN

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Notes to Combined Financial Statements	6



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

Independent Auditors' Report

The Board of Directors
Shriners Hospitals for Children:

We have audited the accompanying combined financial statements of Shriners Hospitals for Children, which comprise the combined statements of financial position as of December 31, 2016 and 2015, and the related combined statements of operations and changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly in all material respects, the financial position of Shriners Hospitals for Children as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

April 4, 2017
Certified Public Accountants

SHRINERS HOSPITALS FOR CHILDREN

Combined Statements of Financial Position

December 31, 2016 and 2015

(In thousands)

Assets	2016	2015
Cash and cash equivalents	\$ 27,348	14,121
Cash and cash equivalents held as collateral under securities lending transactions	260,212	347,162
Patient accounts receivable, net of allowance for doubtful accounts of approximately \$101,734 in 2016 and \$125,277 in 2015	29,964	35,123
Receivables, net	3,160	4,970
Accrued interest and dividends	19,030	19,616
Inventories and deferred charges	32,772	30,257
Patient transportation funds held by Shrine temples	62,821	56,985
Long-term investments:		
Marketable securities	6,972,038	6,887,215
Charitable gift annuities	39,090	36,815
Beneficial interest in trusts	530,349	528,188
Real estate and mineral interests	292,235	293,064
Miscellaneous investments	19,886	20,448
Estates in process	241,176	269,697
Land, buildings, and equipment, net of accumulated depreciation	923,610	866,600
Total assets	\$ 9,453,691	9,410,261
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 153,458	133,085
Line of credit payable	—	40,000
Pension benefits	203,914	171,678
Liabilities under securities lending transactions	260,212	347,162
Other liabilities	36,393	38,186
Total liabilities	653,977	730,111
Net assets (net of cumulative foreign currency translation adjustment of \$8,421 in 2016 and \$8,732 in 2015):		
Unrestricted	7,425,173	7,282,673
Temporarily restricted	272,588	295,809
Permanently restricted	1,101,953	1,101,668
Total net assets	8,799,714	8,680,150
Total liabilities and net assets	\$ 9,453,691	9,410,261

See accompanying notes to combined financial statements.

SHRINERS HOSPITALS FOR CHILDREN

Combined Statements of Operations and Changes in Unrestricted Net Assets

Years ended December 31, 2016 and 2015

(In thousands)

	<u>2016</u>	<u>2015</u>
Operating revenues and other support:		
Patient service revenue (net of contractual adjustments)	\$ 182,082	175,478
Provision for Shriners assist	<u>(40,753)</u>	<u>(41,068)</u>
Net patient service revenue less provision for Shriners assist	141,329	134,410
Investment income:		
Interest	68,492	68,503
Dividends	103,360	107,969
Other investment income	31,837	54,894
Investment management fees	<u>(17,155)</u>	<u>(18,642)</u>
Amounts released from restrictions used for operations	167,141	168,996
Donations	98,591	69,231
Fund raising and special events	42,701	34,453
Hospital assessments	1,129	1,163
Reimbursements from Canadian Provinces	5,343	5,387
Other governmental revenue	11,955	13,763
Other	<u>9,534</u>	<u>4,125</u>
Total revenues and other support	<u>664,257</u>	<u>644,252</u>
Operating expenses:		
Hospitals	643,768	601,558
Research	33,231	32,172
Revenue cycle	14,060	13,295
Information systems	35,276	32,938
Headquarters, administrative, and board related	62,222	52,989
Donor relations, fund raising and special events	<u>47,806</u>	<u>36,910</u>
Total operating expenses	<u>836,363</u>	<u>769,862</u>
Decrease in net assets from operating activities	<u>(172,106)</u>	<u>(125,610)</u>
Nonoperating gains (losses), net:		
Gains (losses) on investments:		
Net realized (losses) gains from investments	(29,635)	157,175
Net unrealized gains (losses) on investments	<u>387,958</u>	<u>(443,764)</u>
Total gains (losses) on investments, net	358,323	(286,589)
Life memberships	84	203
Change in patient transportation funds held by Shrine temples	5,836	(368)
Pension-related changes other than net periodic pension costs	(33,667)	6,419
Other, net	(15,659)	(9,326)
Foreign currency translation adjustments	<u>(311)</u>	<u>(223)</u>
Total nonoperating gains (losses), net	<u>314,606</u>	<u>(289,884)</u>
Increase (decrease) in unrestricted net assets	\$ <u>142,500</u>	\$ <u>(415,494)</u>

See accompanying notes to combined financial statements.

SHRINERS HOSPITALS FOR CHILDREN

Combined Statements of Changes in Net Assets

Years ended December 31, 2016 and 2015

(In thousands)

	<u>2016</u>	<u>2015</u>
Unrestricted net assets:		
Decrease in net assets from operating activities	\$ (172,106)	(125,610)
Nonoperating gains (losses), net:		
Gains (losses) on investments:		
Net realized (losses) gains from investments	(29,635)	157,175
Net unrealized gains (losses) on investments	<u>387,958</u>	<u>(443,764)</u>
Total gains (losses) on investments, net	358,323	(286,589)
Life memberships	84	203
Change in patient transportation funds held by Shrine temples	5,836	(368)
Pension related changes other than net periodic pension costs	(33,667)	6,419
Other, net	(15,659)	(9,326)
Foreign currency translation adjustments	<u>(311)</u>	<u>(223)</u>
Total nonoperating gains (losses), net	<u>314,606</u>	<u>(289,884)</u>
Increase (decrease) in unrestricted net assets	<u>142,500</u>	<u>(415,494)</u>
Temporarily restricted net assets:		
Bequests	126,328	153,156
Donations	6,695	31,291
Other, net	(1,095)	(835)
Net realized gains from investments	492	920
Net unrealized gains (losses) from investments	11,500	(16,646)
Net assets released from restrictions used for operations	<u>(167,141)</u>	<u>(168,996)</u>
Decrease in temporarily restricted net assets	<u>(23,221)</u>	<u>(1,110)</u>
Permanently restricted net assets:		
Bequests	9,543	13,875
Donations	2,080	2
Other investment (expense) income	(8,591)	6
Net realized gains from investments	173	181
Net unrealized losses from investments	<u>(2,920)</u>	<u>(9,416)</u>
Increase in permanently restricted net assets	<u>285</u>	<u>4,648</u>
Increase (decrease) in net assets	119,564	(411,956)
Net assets, beginning of year	<u>8,680,150</u>	<u>9,092,106</u>
Net assets, end of year	\$ <u><u>8,799,714</u></u>	<u><u>8,680,150</u></u>

See accompanying notes to combined financial statements.

SHRINERS HOSPITALS FOR CHILDREN

Combined Statements of Cash Flows

Years ended December 31, 2016 and 2015

(In thousands)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 119,564	(411,956)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	49,056	54,614
Loss on disposal of property and equipment	821	122
Realized and unrealized (gains) losses on investments	(358,323)	311,550
Gifts and bequests designated by the Board or restricted by donor for long-term investment	(138,035)	(167,236)
Change in value of patient transportation funds held by Shrine temples	(5,836)	368
Provision for Shriners assist	40,753	41,068
Pension related changes other than net period pension costs	(33,667)	(6,419)
Changes in operating assets and liabilities:		
Patient accounts receivable	(35,594)	(35,389)
Receivables	1,810	4,969
Accrued interest and dividends	586	559
Inventories and deferred charges	(2,515)	(1,449)
Beneficial interest in trusts	(2,161)	15,732
Estates in process	28,521	(10,726)
Accounts payable and accrued expenses	20,373	6,285
Pension benefits	65,903	(6,879)
Net cash used in operating activities	<u>(248,744)</u>	<u>(204,787)</u>
Cash flows from investing activities:		
Additions to property and equipment	(106,887)	(109,915)
Proceeds from sale of investments	2,293,800	3,340,624
Investment purchases	(2,021,184)	(3,217,894)
Net cash provided by investing activities	<u>165,729</u>	<u>12,815</u>
Cash flows from financing activities:		
Gifts and bequests designated for board endowment	126,328	153,156
Gifts and bequests permanently restricted by donors	11,623	13,877
Life memberships	84	203
Borrowings from line of credit	110,000	90,000
Payments on the line of credit	(150,000)	(60,000)
Change in other liabilities	(1,793)	297
Net cash provided by financing activities	<u>96,242</u>	<u>197,533</u>
Net increase in cash and cash equivalents	13,227	5,561
Cash and cash equivalents at beginning of year	<u>14,121</u>	<u>8,560</u>
Cash and cash equivalents at end of year	\$ <u>27,348</u>	\$ <u>14,121</u>
Supplemental disclosure of cash flow information:		
Transfer of buildings to real estate	\$ —	35,728

See accompanying notes to combined financial statements.

SHRINERS HOSPITALS FOR CHILDREN

Notes to Combined Financial Statements

December 31, 2016 and 2015

(In thousands)

(1) Summary of Significant Accounting Policies

(a) Combined Organizations

Shriners Hospitals for Children (herein SHC) provides quality, specialized medical care, in the areas of orthopedics, severe burns, and spinal cord injuries, through a network of 22 facilities located throughout the United States, Canada, and Mexico. Medical care is provided regardless of the patient or family's ability to pay. SHC also funds intensive programs in pediatric orthopedic and burns research. SHC relies principally on gifts and investment earnings to support their operations and research programs.

The combined financial statements of SHC include the following organizations:

- Shriners Hospitals for Children, a Colorado Corporation
- Shriners Hospitals for Children, a Canadian Corporation
- Shriners Hospitals for Children (Quebec) Inc.
- The Shriners' Hospital for Children, a Massachusetts Corporation
- Shriners Hospitals for Children, a Mexican Association
- Shriners Hospitals for Children Pediatric Orthotic and Prosthetic LLCs (POPS)

Shriners Hospitals for Children, a Colorado Corporation and The Shriners' Hospital for Children, a Massachusetts Corporation, have been recognized as exempt from U.S. federal income tax on related income under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Canadian and Quebec Corporations and the Mexican Association are also exempt from income tax on related income in accordance with the laws of their respective countries. Shriners Hospitals for Children POPS are wholly owned limited liability companies that provide orthotic and prosthetic services and related functions.

(b) Use of Estimates

The preparation of the combined financial statements in accordance with generally accepted accounting principles requires management of SHC to make a number of estimates and assumptions that affect the reported amounts in the combined financial statements and accompanying notes to the combined financial statements. Actual results could differ from those estimates.

Significant estimates have been made by management with regard to patient accounts receivable, net of allowance for doubtful accounts, estates in process, and beneficial interest in trusts. These estimates are subject to significant fluctuation due to changes in payment trends and changes that occur in the valuation of assets associated with these estates and trusts and the timing of information received from trustees and executors of these estates and trusts. Actual results could differ materially from these estimates, making it reasonably possible that a material change in these estimates could occur in the near term.

SHRINERS HOSPITALS FOR CHILDREN

Notes to Combined Financial Statements

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(In thousands)

(c) Basis of Presentation

The combined financial statements are presented on the accrual basis of accounting. Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. SHC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of operations and changes in unrestricted net assets, and changes in net assets as amounts released from restrictions used for operations. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support:

- Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the activities of SHC. The majority of unrestricted net assets as of December 31, 2016 and 2015 represent board-designated endowment.
- Temporarily restricted net assets represent those amounts, which are not available until future periods or are donor restricted for specific purposes. SHC reports estates in process, charitable lead trusts, and charitable remainder trusts, as increases in temporarily restricted net assets as these assets are not available for expenditure until future periods.
- Permanently restricted net assets result from gifts and bequests from donors who place restrictions on the use of the funds, which mandate that the original principal be invested in perpetuity. Permanently restricted net assets also include perpetual lead trusts.

(d) Operating Measure

Changes in unrestricted net assets from operating activities represent the revenues, gains, and other support designated to operate SHC, less expenses and other costs associated with SHC operating and research activities and costs to generate operating revenues.

(e) Liquidity

Assets are presented in the accompanying combined statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

(f) Cash and Cash Equivalents

SHC considers all highly liquid investments made from operating cash accounts and with a maturity of three months or less when purchased to be cash equivalents.

(g) Securities Loaned

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 860, *Transfers and Servicing*, requires SHC to recognize cash received as collateral for assets transferred to brokers in security lending transactions along with the obligation to return the cash. SHC generally receives collateral in the form of cash in an amount in excess of the fair value of securities loaned. SHC

SHRINERS HOSPITALS FOR CHILDREN

Notes to Combined Financial Statements

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(In thousands)

monitors the fair value of securities loaned on a monthly basis with additional collateral obtained as necessary. At December 31, 2016 and 2015, SHC held \$260,212 and \$347,162, respectively, of cash and marketable securities as collateral deposits. The collateral is included as both an asset and a liability in SHC's combined statements of financial position. The securities on loan had a fair value of \$253,385 and \$339,632 at December 31, 2016 and 2015, respectively, and are included in marketable securities in the accompanying combined statements of financial position.

(h) Inventories

Inventories of supplies are stated at the lower of cost (first-in, first-out method) or market.

(i) Long-Term Investments

The following long-term investments comprise SHC's endowment: marketable securities, charitable gift annuities, beneficial interest in trusts, real estate and mineral interests and miscellaneous investments. It is SHC's Board of Directors (Board) policy to maintain a long-term investment portfolio to support the operating and research activities of SHC.

Marketable securities are measured at fair value based on quoted market prices at the reporting date for these or similar investments. Investments in real estate and mineral interests, and miscellaneous investments are reported at fair value at the date of contribution and subsequently measured at fair value based on various sources of information depending on the asset type. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the combined statements of operations and changes in unrestricted net assets as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.

SHC has a beneficial interest in a variety of trust agreements. Many of these trusts are charitable lead trusts where SHC receives distributions from the trust, which in most cases are administered by a third party. Perpetual lead trusts are recorded at the fair value of their underlying assets and are classified as permanently restricted net assets. All other charitable lead trusts are recorded at the present value of the estimated future distributions expected to be received by SHC, and are classified as temporarily restricted net assets.

Charitable remainder trusts and pooled income funds represent trust agreements where SHC maintains custody of the related assets and makes specified distributions to a designated beneficiary or beneficiaries over the term of the trust. Assets under both types of trusts are recorded at fair value. Annuity liabilities associated with charitable remainder trusts are determined based on the present value of the estimated future payments to be paid to the designated beneficiaries, based upon actuarial estimate. Deferred income is recognized on gifts to pooled income funds representing the discounted value of the assets for the estimated time period until the donor's death. The difference between the recorded assets and the annuity liabilities or deferred income associated with pooled income funds is classified as temporarily restricted net assets.

SHRINERS HOSPITALS FOR CHILDREN

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(In thousands)

Subsequent adjustments to the carrying value of the respective assets and related liabilities or deferred income are recognized in the combined statements of operations and changes in unrestricted net assets, and combined statements of changes in net assets and are included in unrealized gains and losses in their respective net asset category.

Included in other liabilities in the accompanying combined statements of financial position are annuity liabilities of \$19,333 and \$20,735 and deferred income of \$17,060 and \$17,235 at December 31, 2016 and 2015, respectively.

(j) Estates in Process

SHC recognizes a receivable and revenue for its interest in estates in process based on the inventories of estate assets and conditions contained in the respective wills. Amounts expected to be received in future years are discounted to provide estimates in current year dollars. SHC records estates in process (when the court declares the related will valid) as either temporarily restricted net assets, as these assets will not be available for expenditures until future periods (typically one to five years), or as permanently restricted net assets. As funds from an estate (other than permanently restricted) are collected, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the combined statements of operations and changes in unrestricted net assets, and combined statements of changes in net assets as amounts released from restrictions used for operations.

(k) Land, Buildings, and Equipment

Land, land improvements, buildings, and equipment are stated at cost, if purchased, or at estimated fair value at date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

(l) Impairment or Disposal of Long-Lived Assets

SHC accounts for long-lived assets in accordance with the provisions of FASB ASC Section 360-10-35, *Property, Plant, and Equipment – Subsequent Measurement*, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

SHC reviews whether events and circumstances have occurred to indicate if the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. If such an event occurs, an assessment of possible impairment is based on whether the carrying amount of the asset exceeds the expected total undiscounted cash flows expected to result from the use of the assets and their eventual disposition. No impairments were recorded in 2016 or 2015.

(m) Foreign Currency Translation

Revenues and expenses of the Canadian and Quebec corporations and the Mexican Association are translated using average exchange rates during the year, while monetary assets and liabilities are translated into U.S. dollars using current exchange rates at the end of the year.

SHRINERS HOSPITALS FOR CHILDREN

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(In thousands)

Nonmonetary asset (land, buildings, and equipment) and liability items and related revenues, expenses, gains, and losses are remeasured using historical exchange rates. Resulting translation adjustments are accumulated in the combined statements of financial position caption "Cumulative foreign currency translation adjustment," as a component of unrestricted net assets.

(n) Contributed Services

No amounts have been reflected in the combined financial statements for contributed services. SHC's programs pay for most services requiring specific expertise. However, many individuals (Shriners and non-Shriners) volunteer their time at SHC and perform a variety of tasks that assist SHC with specific programs and various committee assignments.

(o) Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services. SHC has agreements with third-party payors that provide for payments to SHC at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, and discounted charges.

Revenue from the Medicaid program accounted for approximately 56% and 48%, and less than one percent of SHC's net patient service revenue from the Medicare program, for the years ended December 31, 2016 and 2015, respectively. The composition of patient service revenue (net of contractual adjustments) but before the provision for Shriners assist recognized from these major payor sources is as follows (in thousands):

	<u>2016</u>	<u>2015</u>
Medicaid	\$ 101,210	84,519
Commercial payors	<u>80,872</u>	<u>90,959</u>
Total all payors	<u>\$ 182,082</u>	<u>175,478</u>

SHC analyzes its past collection history and identifies trends by each of its major payor sources of patient service revenue to estimate the appropriate allowance for doubtful accounts and provision for Shriners assist. Management regularly reviews data about the major payor sources of patient service revenue in evaluating the adequacy of the allowance for doubtful accounts.

SHC analyzes contractual amounts due from third-party payors and provides an allowance for doubtful accounts and a provision for Shriners assist. For uninsured and Shriners assist patients, which includes those patients without insurance coverage and patients with deductibles and copayment balances for which third-party coverage exists for a portion of the bill, SHC records a significant provision for Shriners assist for patients that are unable to pay for any portion of the bill. Account balances are charged off against the allowance for Shriners assist. SHC has not experienced significant changes in write-off trends and has not changed its uninsured or charity care policies for the years ended December 31, 2016 and 2015.

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(In thousands)

Laws and regulations governing the Medicaid and Medicare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates associated with these programs will change by a material amount in the near term. As a result, provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined or as years are no longer subject to audits, reviews and investigations.

Net patient accounts receivable included approximately \$13,339 and \$12,481 or 45% and 36% from the Medicaid programs, and less than one percent from the Medicare programs as of December 31, 2016 and 2015. The credit risk for other concentrations of receivables is limited due to the large number of insurance companies and other payors that provide payments for services.

(p) Charity Care

SHC, through its overall charitable policies, provides funding for cash requirements of the hospitals not met through normal operations. In addition, SHC provides care to patients who meet certain criteria under the charity care policies established by SHC without charge to its patients or families. Partial payments to which SHC is entitled from patients, third-party payors, Medicaid and others that meet SHC's charity care criteria are reported as net patient service revenue.

SHC provides necessary medical care regardless of the patient's ability to pay for services under its charity care policy. In addition, regulatory changes that may have the potential to alter charity classifications are monitored and incorporated into the policy, as necessary. SHC maintains records to identify and monitor the level of charity care. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. The following measures the level of charity care and other community benefits, as defined, at estimated costs for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Traditional charity care	\$ 643,768	600,954
Direct offsetting revenue	<u>(147,717)</u>	<u>(148,136)</u>
Net traditional charity care	<u>\$ 496,051</u>	<u>452,818</u>
As a percentage of total expense	59%	59%

(q) Electronic Health Records Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and professionals that adopt and use electronic health records (EHR) in a meaningful way. Meaningful use is demonstrated by meeting established criteria that focus on capturing and using electronic health information to improve healthcare quality, efficiency, and patient safety.

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(In thousands)

SHC records incentive payments when it is reasonably assured that it has met the meaningful use requirements. SHC recognized \$1,900 and \$5,424 of incentive payments in other governmental revenue for the year ended December 31, 2016 and 2015, respectively. Incentive payment revenue is subject to change as the result of audits of compliance with meaningful use criteria and Medicare cost reports, with changes recorded in the period they occur.

(2) Long-Term Investments

Marketable securities at December 31, 2016 and 2015 consist of:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Short-term investments	\$ 173,158	173,158	173,862	173,862
Common and preferred stocks	3,364,008	3,894,247	3,848,809	4,141,979
U.S. government securities	860,308	859,890	775,139	771,307
Corporate bonds	494,014	509,014	539,070	495,492
Other fixed income	1,026,236	1,008,921	1,075,202	1,005,991
Commodities fund	166,964	163,825	97,000	56,569
Fund of funds	339,031	362,983	229,031	242,015
	<u>\$ 6,423,719</u>	<u>6,972,038</u>	<u>6,738,113</u>	<u>6,887,215</u>

Investment income and total return on all long-term investments comprise the following components for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest	\$ 68,492	68,503
Dividends	103,360	107,969
Trust income	21,394	21,243
Rents and royalties	8,520	10,064
Other income	1,923	23,587
Less investment management fees	<u>(17,155)</u>	<u>(18,642)</u>
Total income from investments	186,534	212,724
Net realized (losses) gains from investments	(29,635)	157,175
Net unrealized gains (losses) from investments	<u>387,958</u>	<u>(443,764)</u>
Total return on investments	<u>\$ 544,857</u>	<u>(73,865)</u>

SHRINERS HOSPITALS FOR CHILDREN

Notes to Combined Financial Statements

December 31, 2016 and 2015

(In thousands)

(3) Land, Buildings, and Equipment

Land, buildings, and equipment at December 31, 2016 and 2015 consist of:

	<u>2016</u>	<u>2015</u>	<u>Estimated useful lives</u>
Land	\$ 29,507	29,655	—
Land improvements	12,226	12,211	5–20 years
Buildings	1,077,219	991,275	40–50 years
Equipment	414,684	402,642	4–25 years
	<u>1,533,636</u>	<u>1,435,783</u>	
Less accumulated depreciation	<u>(799,679)</u>	<u>(757,558)</u>	
	733,957	678,225	
Projects in process	180	300	
Construction in progress	<u>189,473</u>	<u>188,075</u>	
Land, buildings, and equipment, net	<u>\$ 923,610</u>	<u>866,600</u>	

Depreciation expense amounted to \$49,056 and \$54,614 for the years ended December 31, 2016 and 2015, respectively.

(4) Construction and Other Major Capital Projects

Construction and other major capital projects committed to by the Board are as follows:

<u>Project</u>	<u>Total appropriation</u>	<u>Unexpended at December 31, 2016</u>
Canada	\$ 122,000	17,884
Los Angeles	71,560	26,477
Lexington	54,000	24,452
St. Louis	48,000	3,833
Other	13,378	7,197
Approved equipment expenditures:		
Information systems projects	12,505	7,572
Other equipment	36,546	11,830
	<u>\$ 357,989</u>	<u>99,245</u>

SHRINERS HOSPITALS FOR CHILDREN

Notes to Combined Financial Statements

December 31, 2016 and 2015

(In thousands)

(5) Line of Credit

During 2011, SHC entered into an unsecured line-of-credit agreement, for up to \$150 million, with a financial institution for the purpose of aiding in operations and cash management. During December 2016, the line-of-credit agreement was renewed at a limit of \$100 million, with an option to increase the limit to \$250 million, upon need. On the date of a principal draw, SHC may elect to incur interest at one of two interest rate options. At December 31, 2015, \$40 million was outstanding. No amount was outstanding at December 31, 2016.

(6) Transactions with Shriners International

SHC was founded by Shriners International (formerly known as the Imperial Council of the Ancient Arabic Order of the Nobles of the Mystic Shrine for North America).

The International Headquarters building and equipment is owned by SHC. A portion of the building is occupied by Shriners International, which is allocated a share of the operating costs and depreciation of the building and equipment. The allocation of the costs is based upon the portion of the building occupied by Shriners International in relation to the total occupied space in the building.

SHC and Shriners International also share other costs based on the estimated fair value received by each organization. Additionally, hospital assessments, donations, and other charitable receipts from Shrine temples are collected and remitted to SHC by Shriners International.

At December 31, 2016 and 2015, amounts of \$313 and \$1,320, respectively, were due from Shriners International, and are included in receivables, net in the accompanying combined statements of financial position.

(7) Donor Relations, Fund-Raising Activities, and Special Events

SHC is financially supported through each Shriner's annual hospital assessment, income from investments, gifts and bequests from the general public and from Shriners, and certain fund-raising activities conducted by Shriners. Shrine temples and Shriners raise funds for both fraternal and charitable purposes. Shrine fund-raising activities consist of paper sale donations, football games, golf tournaments, and other miscellaneous activities. The name "Shriners Hospitals for Children" may be used in connection with a fund-raising activity by a Shrine temple or Shriner only with the written consent of Shriners International and SHC when the proceeds are to benefit SHC. Some of these funds are retained by individual Shrine temples for the support of their respective hospital patient transportation fund.

SHC also engages in other fund-raising activities to generate donations and to develop their donor base. These activities are conducted through an agreement with an unrelated third party.

SHRINERS HOSPITALS FOR CHILDREN

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(In thousands)

Fund-raising and special events revenues and costs for the years ended December 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Revenues from Shrine temple sponsored events	\$ 6,277	6,408
Direct mail revenue	29,334	20,658
Other revenue	<u>7,090</u>	<u>7,387</u>
	<u>\$ 42,701</u>	<u>34,453</u>
Fund-raising costs paid directly by Shrine temples in connection with fund-raising events	\$ 486	622
Direct mail expense	12,290	8,451
Other costs	<u>12,590</u>	<u>12,244</u>
	<u>\$ 25,366</u>	<u>21,317</u>

Revenues from Shrine temple sponsored events are reported net of direct costs of \$2,898 and \$3,250 for 2016 and 2015, respectively.

In addition to the fund-raising and special events expenses above, SHC incurred \$22,440 and \$15,593 of donor relation expense for the years ended December 31, 2016 and 2015, respectively. Such expenses are incurred to enhance donor relationships. Donations and bequests from such donors amounted to \$243,237 and \$267,555 for the years ended December 31, 2016 and 2015, respectively. Such development activities of SHC are overseen by the donor relations committee.

During the year ended December 31, 2008, SHC became the Host Organization and Title Sponsor of a PGA Tour golf tournament. Beginning in 2013, this tournament became part of the Fed-Ex tour. The term of this agreement commenced with the 2008 event and will conclude after the 2017 tournament. The 2016 event yielded \$5,873 in revenues. Expenses incurred on this event in 2016 were \$11,260, creating a cost of the project of \$5,387. The 2015 event yielded \$5,881 in revenues. Expenses incurred on this event in 2015 were \$10,902, creating a cost of the project of \$5,021.

(8) Patient Transportation Funds Held by Shrine Temples

Shrine temples pay for substantially all of the costs of transporting patients to individual Shriners Hospitals from their temple hospital transportation funds. These costs are supported by funds authorized to be retained from fund-raising events held for the benefit of SHC (note 7), as well as local donations from Shriners and the general public. The activities of the Shrine temple patient transportation funds are reflected as a nonoperating change in patient transportation funds held by Shrine temples in the accompanying combined statements of operations and changes in unrestricted net assets.

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December 31, 2016 and 2015

(In thousands)

The activities of the patient transportation funds reflected for the years ended December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Temple revenues restricted for patient transportation	\$ 18,106	16,201
Patient transportation costs	<u>(12,270)</u>	<u>(16,569)</u>
Change in patient transportation funds	<u>\$ 5,836</u>	<u>(368)</u>

(9) Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurement*, defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. FASB ASC Topic 820 requires investments to be grouped into three categories based on certain criteria as noted below:

Level 1: Fair value is determined by using quoted prices for identical assets or liabilities in active markets.

Level 2: Fair value is determined by using other than quoted prices that are observable for the asset or liability (e.g., quoted prices for identical assets or liabilities in inactive markets, quoted prices for similar assets or liabilities in active markets, observable inputs other than quoted prices, and inputs derived principally from or corroborated by observable market data by correlation or other means).

Level 3: Fair value is determined by using inputs based on management assumptions that are not directly observable.

The tables below summarize SHC's significant financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	<u>December 31, 2016</u>	<u>Fair value measurements at reporting date using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Long-term investments:				
Short-term investments	\$ 173,158	173,158	—	—
Common and preferred stocks	3,894,247	1,783,691	2,110,006	550
U.S. government securities	859,890	859,890	—	—
Corporate bonds	509,014	—	509,014	—
Other fixed income securities	1,008,921	—	1,005,303	3,618
Commodities fund	163,825	—	162,526	1,299

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	December 31, 2016	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Fund of funds	\$ 362,983	—	362,983	—
Charitable gift annuities	39,090	—	39,090	—
Beneficial interests in trusts	530,349	—	530,349	—
Real estate and mineral interests	292,235	—	—	292,235
Miscellaneous investments	19,886	—	19,886	—
Total	\$ 7,853,598	2,816,739	4,739,157	297,702
Collateral under securities lending transactions	\$ 260,212	260,212	—	—
Liabilities:				
Annuity liabilities	\$ 19,333	—	19,333	—
Liabilities under securities lending transactions	260,212	260,212	—	—
	December 31, 2015	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets:				
Long-term investments:				
Short-term investments	\$ 173,862	173,862	—	—
Common and preferred stocks	4,141,979	2,032,479	2,108,508	992
U.S. government securities	771,307	771,307	—	—
Corporate bonds	495,492	—	495,492	—
Other fixed income securities	1,005,991	—	1,001,628	4,363
Commodities fund	56,569	—	56,569	—
Fund of funds	242,015	—	242,015	—
Charitable gift annuities	36,815	—	36,815	—
Beneficial interests in trusts	528,188	—	528,188	—
Real estate and mineral interests	293,064	—	—	293,064
Miscellaneous investments	20,448	—	20,448	—
Total	\$ 7,765,730	2,977,648	4,489,663	298,419

SHRINERS HOSPITALS FOR CHILDREN

Notes to Combined Financial Statements

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(In thousands)

	December 31, 2015	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Collateral under securities lending transactions	\$ 347,162	347,162	—	—
Liabilities:				
Annuity liabilities	\$ 20,735	—	20,735	—
Liabilities under securities lending transactions	347,162	347,162	—	—

SHC's Level 1 assets and liabilities include investments in cash, cash equivalents, common and preferred stocks, and U.S. government securities and are valued at quoted market prices.

SHC's Level 2 assets include investments in foreign common and preferred stock, corporate debt securities, other fixed income securities, commodities fund, fund of funds, charitable gift annuities, beneficial interest in trusts, and miscellaneous investments with fair values modeled by external pricing vendors. Liabilities include annuity liabilities.

SHC's Level 3 assets include foreign and domestic common and preferred stocks, commodities funds, real estate and mineral interests, and investments in foreign and domestic corporate bonds.

During 2016, SHC re-evaluated the investments reported using the net asset value per share to determine whether they have a readily determinable fair value. Based on this re-evaluation, certain investments previously measured at net asset value have been determined to have readily determinable fair value.

SHRINERS HOSPITALS FOR CHILDREN

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(In thousands)

The tables below summarize the changes in Level 3 assets for the years ended December 31, 2016 and 2015:

	Fair value measurements using significant unobservable inputs (Level 3)		
	Common and preferred stock and fixed income investments	Other investments	Total
2016:			
Beginning balance	\$ 5,355	293,064	298,419
Total (losses) gains (realized/unrealized) included in increase in unrestricted net assets	(613)	5,463	4,850
Purchases	2,134	2,409	4,543
Sales	(1,409)	—	(1,409)
Transfers into/out of Level 3	—	(8,701)	(8,701)
Ending balance	<u>\$ 5,467</u>	<u>292,235</u>	<u>297,702</u>

	Fair value measurements using significant unobservable inputs (Level 3)		
	Common and preferred stock and fixed income investments	Other investments	Total
2015:			
Beginning balance	\$ 6,498	268,614	275,112
Total losses (realized/unrealized) included in decrease in unrestricted net assets	(233)	(6,124)	(6,357)
Purchases	550	841	1,391
Sales	(1,460)	(5,995)	(7,455)
Transfers into/out of Level 3	—	35,728	35,728
Ending balance	<u>\$ 5,355</u>	<u>293,064</u>	<u>298,419</u>

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Realized and unrealized gains included in changes in net assets in Level 3 securities for the years ended December 31, 2016 and 2015 are reported in investment income as follows:

	<u>2016</u>	<u>2015</u>
Total gains (losses) included in increase (decrease) in unrestricted net assets	\$ 4,850	(6,357)
Change in unrealized gains (losses) relating to assets still held at reporting date	5,463	(6,124)

SHC's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 securities during the year.

There were \$8,701 of investments transferred out of Level 3 into Level 2 for the year ended December 31, 2016. There were \$35,728 of transfers into Level 3 of real estate and mineral interests from property, plant, and equipment for assets that have been retired and are held for sale for the year ended December 31, 2015.

The fair values of the following investments have been estimated using the net asset value per share of the investments as of December 31, 2016 and 2015. There are no unfunded commitments on any of these funds.

	<u>Fair value December 31, 2016</u>	<u>Fair value December 31, 2015</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
WTC CTF Opportunistic Fixed Income (a)	\$ 437,085	421,975	Monthly	30 days
Capital Guardian Absolute Income (b)	92,340	92,112	Monthly	5 days
Gresham TAP Fund (c)	—	56,570	Monthly	5 days
State Street Fund REIT (d)	51,887	48,656	Monthly	15 days
AQR Delta Fund (e)	159,877	100,847	Monthly	30 days
Aetos Capital Multi-Strategy (e)	151,219	92,513	Monthly	30 days
Pyramis High Yield (a)	170,930	153,256	Monthly	30 days
HarbourVest Doverstreet IX (f)	1,299	—	N/A	N/A
Total	\$ <u>1,064,637</u>	<u>965,929</u>		

(a) The fund's investment objective is an unconstrained, nonbenchmark oriented investment approach. Barclays Capital U.S. Aggregate Bond Index will be used as the primary reference benchmark.

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- (b) The investment objective of the fund is to seek a level of income that exceeds the average yield on U.S. stocks generally, to grow such income annually, and to distribute an increasing amount of income per unit of the fund.
- (c) The investment objective of this fund is to provide a return that exceeds the Dow Jones/UBS Commodities Index.
- (d) The State Street Fund REIT seeks an investment return that approximates the performance of the Dow Jones U.S. select REIT index over the long term. In seeking to accomplish this objective the strategy may invest directly or indirectly in securities and other instruments, including other pooled vehicles of the Trustee.
- (e) The fund's investment objective is to provide a return that exceeds the HFRI fund of funds composite.
- (f) Dover Street IX intends to provide investors access to a diversified portfolio of global secondary investments in buyout, growth equity, venture capital, and other private equity assets.

(10) Retirement Plans and Other Postretirement Benefits

The employees of the U.S. hospitals are included in the Shriners Hospitals for Children Employees' Retirement Plan and the Shriners Hospitals for Children Supplemental Retirement Plan (collectively, the Pension Plans). Benefits are based on years of service and the employees' compensation during the highest five consecutive years of employment. Contributions are made to the Pension Plans in accordance with ERISA requirements. In addition, SHC sponsors a postretirement life insurance plan (the Postretirement Plan). In March 2009, the Board voted to freeze entry of new participants into the Pension Plans effective May 1, 2009.

The actuarially computed net periodic pension cost for the Shriner's Hospital Pension Plans and the Postretirement Plan for the years ended December 31, 2016 and 2015 included the following components:

	<u>Pension plans</u>		<u>Postretirement plan</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Service cost – benefits earned during the period	\$ 18,332	21,817	312	365
Interest cost on projected benefit obligation	28,460	26,733	568	540
Expected return on plan assets	(33,185)	(33,963)	—	—
Net amortized and deferral of unrecognized gains and losses	<u>10,358</u>	<u>18,747</u>	<u>—</u>	<u>—</u>
Net periodic pension cost	<u>\$ 23,965</u>	<u>33,334</u>	<u>880</u>	<u>905</u>

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(In thousands)

The following table sets forth the Pension Plans' and the Postretirement Plan's funded status and amounts recognized in the combined statements of financial position as of December 31, 2016 and 2015, respectively, (using a measurement date of December 31):

	Pension plans		Postretirement plan	
	2016	2015	2016	2015
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 625,485	657,274	12,494	13,296
Service cost	18,332	21,817	312	365
Interest cost	28,460	26,733	568	540
Actuarial gain (loss)	30,818	(59,493)	646	(1,366)
Benefits paid	(21,464)	(20,846)	(300)	(340)
Plan change	7,056	—	—	—
Benefit obligation at end of year	<u>688,687</u>	<u>625,485</u>	<u>13,720</u>	<u>12,495</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	466,302	485,594	—	—
Actual return on plan assets	42,193	(14,568)	—	—
Employer contributions	11,462	16,122	300	3,320
Benefits paid	(21,464)	(20,846)	(300)	(3,320)
Fair value of plan assets at end of year	<u>498,493</u>	<u>466,302</u>	<u>—</u>	<u>—</u>
Funded status at end of year	\$ <u>(190,194)</u>	<u>(159,183)</u>	<u>(13,720)</u>	<u>(12,495)</u>

The accumulated benefit obligation for the Pension Plans was \$625,609 and \$566,606 at December 31, 2016 and 2015, respectively. The accumulated benefit obligation differs from the benefit obligation above in that it includes no assumption about future compensation levels. It represents the actuarial present value of future payments to plan participants using current and past compensation levels.

Weighted average assumptions used to determine projected benefit obligations at December 31, 2016 and 2015 were as follows:

	Pension plans		Postretirement plan	
	2016	2015	2016	2015
Discount rate	4.25%	4.50%	4.25%	4.50%
Rate of compensation increase	3.00	3.00	N/A	N/A

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Weighted average assumptions used to determine the net periodic benefit costs of the Pension Plans and the Postretirement Plan are:

	Pension plans		Postretirement plan	
	2016	2015	2016	2015
Discount rate	4.25%	4.50%	4.25%	4.50%
Expected long-term rate of return on plan assets	7.00	7.50	N/A	N/A
Rate of compensation increase	3.00	3.50	N/A	N/A

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The following are deferred pension costs, which have not yet been recognized in periodic pension expense but instead are accrued in unrestricted net assets as of December 31, 2016. Unrecognized actuarial losses represent unexpected changes in the projected benefit obligation and plan assets over time, primarily due to changes in assumed discount rates and investment experience. Unrecognized prior service cost is the impact of changes in plan benefits applied retrospectively to employee service previously rendered. Deferred pension costs are amortized into annual pension expense over the average remaining assumed service period for active employees.

	Pension plans		Postretirement plan	
	Amounts in unrestricted net assets to be recognized during the next fiscal year	Amounts recognized in unrestricted net assets at December 31, 2016	Amounts in unrestricted net assets to be recognized during the next fiscal year	Amounts recognized in unrestricted net assets at December 31, 2016
Actuarial loss	\$ (821,862)	177,921	—	(1,069)
Prior service cost	—	7,026	—	—
Total	\$ <u>(821,862)</u>	<u>184,947</u>	<u>—</u>	<u>(1,069)</u>

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(In thousands)

(a) Plan Assets

The weighted average allocation of the Pension Plans' assets at December 31, 2016 and 2015 was as follows:

<u>Asset category</u>	<u>2016</u>	<u>2015</u>
Short-term investments	2%	1%
Common and preferred stock	52	51
Corporate and miscellaneous bonds	17	20
Mutual funds	29	28
Total assets	100%	100%

SHC's investment policies and strategies for pension benefits do not use target allocations for the individual asset categories. The Hospitals' investment goals are to maximize returns subject to specific risk management policies.

The table below summarizes the Pension Plans' significant financial assets measured at fair value on a recurring basis as of December 31, 2016:

	<u>December 31,</u> <u>2016</u>	<u>Fair value measurements at</u> <u>reporting date using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Short-term investments	\$ 9,213	9,213	—	—
Common and preferred stocks	257,237	—	257,237	—
Corporate and misc. bonds	86,659	—	86,659	—
Mutual funds	145,384	—	145,384	—
Total:	\$ 498,493	9,213	489,280	—

The table below summarizes the Pension Plans' significant financial assets measured at fair value on a recurring basis as of December 31, 2015:

	<u>December 31,</u> <u>2015</u>	<u>Fair value measurements at</u> <u>reporting date using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Short-term investments	\$ 5,547	5,547	—	—
Common and preferred stocks	236,578	—	236,578	—
Corporate and misc. bonds	93,626	—	93,626	—
Mutual funds	130,551	—	130,551	—
Total	\$ 466,302	5,547	460,755	—

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During 2016, SHC re-evaluated the investments reported using the net asset value per share to determine whether they have a readily determinable fair value. Based on this re-evaluation, certain investments previously measured at net asset value have been determined to have readily determinable fair value.

(b) Contributions

Annual contributions are determined based upon calculations prepared by the plans' actuary. Expected contributions to the Pension Plans and the Postretirement Plan are \$12,700 and \$396, respectively, in 2017.

(c) Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid out of the plans:

	<u>Pension plans</u>	<u>Postretirement plan</u>
Fiscal year(s):		
2017	\$ 35,842	396
2018	29,022	418
2019	31,351	439
2020	31,387	461
2021	33,812	485
2022–2026	199,917	2,813

SHC also has a retirement savings plan for all eligible employees. Under this plan, SHC matches 50% of the first 6% of voluntary contributions made from eligible compensation by employees. Matching contributions by SHC to the retirement savings plan were \$8,746 and \$7,968 in 2016 and 2015, respectively.

Canadian and Mexican hospital employees are included in government retirement programs of their respective countries.

(11) Estimated Malpractice Costs and Other Contingencies

SHC is self-insured for claims attributed to malpractice and workers' compensation from providing professional and patient care services. Claims alleging malpractice have been asserted against SHC and are currently in various stages of litigation. Additional claims may be asserted against SHC arising from services provided to patients through December 31, 2016. Liabilities for malpractice and workers' compensation claims are established based on specific identification and historical experience using actuarial methodologies. It is the opinion of management that estimated malpractice and workers' compensation claims accrued should be adequate to provide for potential losses resulting from both reported claims and claims incurred but not reported. Such amounts are not material and are recorded in accounts payable and accrued expenses on the accompanying combined statements of financial position.

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(In thousands)

SHC is also a party to various other claims and legal actions arising in the ordinary course of business. Management does not believe that the ultimate outcome of such claims and legal actions will have a material adverse effect on the financial position or activities of SHC.

(12) Endowment Funds

FASB ASC Subtopic 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FASB ASC Subtopic 958-205 also requires enhanced disclosures about an organization's endowment funds, whether or not the organization is subject to an enacted version of UPMIFA. These disclosures shall enable users of the combined financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policy, and related investment policy of its endowment funds (both donor restricted and board designated). SHC follows the requirements of FASB ASC Subtopic 958-205.

SHC's endowment consists of marketable securities, charitable gift annuities, beneficial interest in trusts, real estate and mineral interests, and miscellaneous investments. The endowment consists of both donor-restricted funds, as well as funds designated by the Board of Trustees to function as endowments.

The Board has interpreted the wishes of donors and Colorado and Massachusetts state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SHC classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. Gifts given with a restriction of time or purpose are added to the endowment as temporarily restricted funds. Upon the passage of time or completion of purpose, these funds are released as unrestricted. Funds designated by the Board as endowment funds are included as unrestricted endowment funds.

Investment Return Objectives, Risk Parameters, and Strategies. SHC has adopted investment and spending policies, approved by the Investment Committee, for endowment assets that attempt to provide a predictable stream of funding to support the hospital system, while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income, as well as capital appreciation, which exceeds the budgeted annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed-income securities that is intended to result in a rate of return that has sufficient liquidity to provide a high level of cash distribution, while growing the funds, if possible. Therefore, SHC expects its endowment assets, over time, to produce an average rate of return of approximately 7.25% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

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(In thousands)

Spending Policy. The Board does not have a formal endowment spending policy. Generally, all investment return (excluding capital appreciation) is utilized in funding SHC's programs. In making this funding decision, the Board considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Board's goal is for its endowment funds to grow annually to maintain the purchasing power of the endowment assets, as well as, to provide additional real growth through new gifts and investment return.

Endowment asset composition by type of fund, as of December 31, 2016 and 2015, is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total endowment assets</u>
2016:				
Board-designated endowment funds	\$ 7,323,080	—	—	7,323,080
Donor-restricted endowment funds	—	107,257	423,261	530,518
	<u>\$ 7,323,080</u>	<u>107,257</u>	<u>423,261</u>	<u>7,853,598</u>
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total endowment assets</u>
2015:				
Board-designated endowment funds	\$ 7,237,540	—	—	7,237,540
Donor-restricted endowment funds	—	118,142	410,048	528,190
	<u>\$ 7,237,540</u>	<u>118,142</u>	<u>410,048</u>	<u>7,765,730</u>

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Changes in endowment assets for the years ended December 31, 2016 and 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total endowment net assets</u>
2016:				
Balance, beginning of year	\$ 7,237,540	118,142	410,048	7,765,730
Donations and bequests	—	237	—	237
Investment income	186,534	—	72	186,606
Net appreciation	358,323	11,992	13,141	383,456
Reclassifications	23,114	(23,114)	—	—
Withdrawals	<u>(482,431)</u>	<u>—</u>	<u>—</u>	<u>(482,431)</u>
Balance, end of year	\$ <u>7,323,080</u>	<u>107,257</u>	<u>423,261</u>	<u>7,853,598</u>
2015:				
Balance, beginning of year	\$ 7,672,021	109,906	433,815	8,215,742
Donations and bequests	—	28,156	—	28,156
Investment income	216,443	—	6	216,449
Net depreciation	(298,472)	(15,726)	(23,773)	(337,971)
Reclassifications	18,472	(4,194)	—	14,278
Withdrawals	<u>(370,924)</u>	<u>—</u>	<u>—</u>	<u>(370,924)</u>
Balance, end of year	\$ <u>7,237,540</u>	<u>118,142</u>	<u>410,048</u>	<u>7,765,730</u>

(13) Subsequent Events

SHC has evaluated events and transactions occurring subsequent to December 31, 2016 as of April 4, 2017, which is the date the combined financial statements were available to be issued. Management believes that no material events have occurred since December 31, 2016 that require recognition or disclosure in the combined financial statements.