

**Caution:** Forms printed from within Adobe Acrobat products may not meet IRS or state taxing agency specifications. When using Acrobat 9.x products and later products, select "None" in the "Page Scaling" selection box in the Adobe "Print" dialog.

PUBLIC DISCLOSURE COPY



May 11, 2018

Children's Care Hospital and School  
2501 West 26th Street  
Sioux Falls, SD 57105-2498  
Attention: Steve Wilson

Dear Steve:

Enclosed are the original and one copy of the 2016 Exempt Organization returns, as follows...

2016 Form 990

2016 Minnesota Annual Report

2016 IRS E-File Signature Authorization (Form 8879-EO)

The Minnesota Report has been extended until May 15, 2017. Please be sure to mail the report before then.

Please review the return for completeness and accuracy.

In addition, we have included a separate public disclosure copy of the Form 990 and Form 990-T (if applicable) located on Eide Bailly Connect. All exempt organizations are required to have a copy of their current year Form 990 and two prior year returns available for public inspection. If the Form 990 includes a Schedule of Contributors (Schedule B), we have removed the names and addresses of contributors from this return, as this information is not open to public inspection. Only organizations exempt under 501(c)(3) must make the current year Form 990-T and two prior year returns available. You should print and sign the public disclosure copy(ies) and keep them available at your primary office location. A copy of the returns will be retained on Eide Bailly Connect for four years.

Please advise us if the Internal Revenue Service and/or Department of the Revenue makes written or verbal inquiries regarding this return. Internal Revenue Service and/or State Department of Revenue correspondence is occasionally incomplete and/or inaccurate. We will assist you in resolving any tax matter upon your request.

Many states require legal entities to register with them in

**What inspires you, inspires us. Let's talk. | [eidebailly.com](http://eidebailly.com)**

200 E. 10th St., Ste. 500 | P.O. Box 5125 | Sioux Falls, SD 57117-5125 | T 605.339.1999 | F 605.339.1306 | EOE

order to do business in their state. Please remember to keep your registration active and current for each state that you have business activities.

South Dakota nonprofit organizations receiving grants, pass-through grants, or any other awards granted by a state agency after July 1, 2016, are required to display their public disclosure Form 990 on the organization's website immediately following filing of the Form 990 with the IRS. Please make sure the public disclosure copy of the organizations' Form 990 is posted to your website, if applicable. This is a requirement under South Dakota Codified Law Chapter 1-56 Paragraph 10.

We have prepared the return from information you furnished us without verification. Upon examination of the return by tax authorities, requests may be made for underlying data. We therefore recommend that you preserve all records which you may be called upon to produce in connection with such possible examinations.

We sincerely appreciate the opportunity to serve you. Please contact us if you have any questions concerning the tax return.

Sincerely,

Laurie Hanson  
Eide Bailly, LLP

# TAX RETURN FILING INSTRUCTIONS

\*\* FORM 990 PUBLIC DISCLOSURE COPY \*\*

FOR THE YEAR ENDING

June 30, 2017

<b>Prepared for</b>	Children's Care Hospital and School 2501 West 26th Street Sioux Falls, SD 57105-2498
<b>Prepared by</b>	EIDE BAILLY LLP 200 EAST 10TH ST, PO BOX 5125 SIOUX FALLS, SD 57117-5125
<b>Amount due or refund</b>	Not applicable
<b>Make check payable to</b>	Not applicable
<b>Mail tax return and check (if applicable) to</b>	Not applicable
<b>Return must be mailed on or before</b>	Not applicable
<b>Special Instructions</b>	This copy of the return is provided ONLY for Public Disclosure purposes. Any confidential information regarding large donors has been removed.

Form **990**

**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

**2016**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ 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](http://www.irs.gov/form990).

**A** For the 2016 calendar year, or tax year beginning **JUL 1, 2016** and ending **JUN 30, 2017**

<b>B</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	<b>C</b> Name of organization <b>CHILDREN'S CARE HOSPITAL AND SCHOOL</b> Doing business as <b>LIFESCAPE</b> Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>2501 WEST 26TH STREET</b> City or town, state or province, country, and ZIP or foreign postal code <b>SIOUX FALLS, SD 57105-2498</b> <b>F</b> Name and address of principal officer: <b>ANNE RIECK MCFARLAND</b> <b>SAME AS C ABOVE</b>	<b>D</b> Employer identification number <b>46-0233030</b> <b>E</b> Telephone number <b>605-444-9500</b> <b>G</b> Gross receipts \$ <b>26,643,979.</b> <b>H(a)</b> Is this a group return for subordinates? ..... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J</b> Website: ▶ <b>WWW.LIFESCAPESD.ORG</b>		
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		
<b>L</b> Year of formation: <b>1952</b>		<b>M</b> State of legal domicile: <b>SD</b>

**Part I Summary**

<b>1</b>	Briefly describe the organization's mission or most significant activities: <b>WE EMPOWER CHILDREN AND ADULTS WITH DISABILITIES TO LEAD FULFILLING LIVES.</b>		
<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>18</b>
<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>17</b>
<b>5</b>	Total number of individuals employed in calendar year 2016 (Part V, line 2a)	<b>5</b>	<b>619</b>
<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>	<b>1524</b>
<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<b>0.</b>
<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>0.</b>
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b> 2,262,134.	<b>Current Year</b> 682,579.
	<b>9</b> Program service revenue (Part VIII, line 2g)	24,214,472.	25,664,855.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	153,498.	175,492.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	139,375.	103,393.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	26,769,479.	26,626,319.
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	65,942.
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	16,623,049.	17,737,881.
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶	0.	
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	8,067,096.	8,170,487.
<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	24,690,145.	25,974,310.	
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	2,079,334.	652,009.	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Current Year</b> 24,233,203.	<b>End of Year</b> 24,391,435.
	<b>21</b> Total liabilities (Part X, line 26)	6,340,229.	7,766,580.
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	17,892,974.	16,624,855.

**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.

<b>Sign Here</b>	Signature of officer <b>STEVE WILSON, CFO</b> Type or print name and title	Date _____
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>LAURIE HANSON</b>	Preparer's signature <b>LAURIE HANSON</b>
	Firm's name ▶ <b>EIDE BAILLY LLP</b>	Date <b>05/11/18</b>
	Firm's address ▶ <b>200 EAST 10TH ST, PO BOX 5125 SIOUX FALLS, SD 57117-5125</b>	Check if self-employed <input type="checkbox"/> PTIN <b>P00851848</b>
		Firm's EIN ▶ <b>45-0250958</b>
		Phone no. <b>605-339-1999</b>

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: WE EMPOWER CHILDREN AND ADULTS WITH DISABILITIES TO LEAD FULFILLING LIVES.

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 \$ 21,524,598. including grants of \$ 65,942. ) (Revenue \$ 25,664,855. ) CHILDREN'S CARE PROVIDED SERVICES FOR AN ESTIMATED 2500 INDIVIDUALS WITH SPECIAL NEEDS IN ALL OF ITS PROGRAMS LAST FISCAL YEAR.

CCHS OUTPATIENT/OUTREACH SERVICES (COMMUNITY-BASED SERVICES) SERVED 2449-THE MAJORITY CHILDREN. SERVICES ARE DELIVERED FROM CENTERS IN SIOUX FALLS AND RAPID CITY. THERAPIES (PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH-LANGUAGE PATHOLOGY) ARE THE MAIN SERVICES OFFERED AT THESE SITES, PLUS ASSISTIVE TECHNOLOGY, SEATING & POSITIONING, AND POWERED MOBILITY SERVICES. OTHER SERVICES: WHEELCHAIR SEATING & POSITIONING EVALUATIONS; ADAPTIVE AQUATICS (SIOUX FALLS ONLY); AND SUMMER SKILLS "CAMPS" FOR CHILDREN WITH SPECIAL NEEDS. FREE AUTISM SCREENINGS ARE OFFERED IN SIOUX FALLS AND RAPID CITY AS AN OUTPATIENT

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

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

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

4e Total program service expenses 21,524,598.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> 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	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors?</i> .....	X	
<b>3</b> 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
<b>4 Section 501(c)(3) organizations.</b> 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	
<b>5</b> 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
<b>6</b> 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
<b>7</b> 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
<b>8</b> 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
<b>9</b> 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
<b>10</b> 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
<b>11</b> 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.		
<b>a</b> 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>b</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
<b>c</b> 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
<b>d</b> 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	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> .....	X	
<b>f</b> 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	
<b>12a</b> 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>b</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	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> .....		X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? .....		X
<b>b</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
<b>15</b> 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
<b>16</b> 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
<b>17</b> 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
<b>18</b> 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	
<b>19</b> 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
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> .....	X	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? .....	X	
<b>21</b> 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	
<b>22</b> 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
<b>23</b> 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	
<b>24a</b> 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>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....		X
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....		X
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? .....		X
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> 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>b</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
<b>26</b> 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
<b>27</b> 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
<b>28</b> 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):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>b</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
<b>c</b> 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
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>30</b> 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
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....		X
<b>32</b> 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
<b>33</b> 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
<b>34</b> 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	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....	X	
<b>b</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> .....	X	
<b>36</b> <b>Section 501(c)(3) organizations.</b> 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
<b>37</b> 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
<b>38</b> 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

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O		
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
<b>4b</b>	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the sponsoring organization make any taxable distributions under section 4966?		
<b>9b</b>	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>11a</b>	Gross income from members or shareholders		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
<b>13b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
<b>13c</b>	Enter the amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		X
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

**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

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
<b>1b</b>	Enter the number of voting members included in line 1a, above, who are independent		
<b>2</b>	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?	X	
<b>3</b>	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?		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b>	Did the organization have members or stockholders?	X	
<b>7a</b>	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?	X	
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	The governing body?	X	
<b>8b</b>	Each committee with authority to act on behalf of the governing body?	X	
<b>9</b>	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		X

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

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates?		X
<b>10b</b>	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?		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>11b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
<b>13</b>	Did the organization have a written whistleblower policy?	X	
<b>14</b>	Did the organization have a written document retention and destruction policy?	X	
<b>15</b>	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?		
<b>15a</b>	The organization's CEO, Executive Director, or top management official		X
<b>15b</b>	Other officers or key employees of the organization		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>16b</b>	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 **MN**
- 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.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **STEVE WILSON - 605-444-9800**  
**2501 WEST 26TH STREET, SIOUX FALLS, SD 57105-2498**

**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) DR. PATTY PETERS CHAIR	1.00 2.50	X		X				0.	0.	0.
(2) GAYLE VER HEY VICE CHAIR	1.00 2.00	X		X				0.	0.	0.
(3) JOHN ROZELL TREASURER	1.00 2.00	X		X				0.	0.	0.
(4) JEFF HAZARD SECRETARY	1.00 2.00	X		X				0.	0.	0.
(5) JACK HOPKINS IMMEDIATE PAST CHAIR	1.00 2.50	X		X				0.	0.	0.
(6) JASON HARRIS MEMBER-AT-LARGE	1.00 2.00	X		X				0.	0.	0.
(7) ANNE RIECK MCFARLAND CEO	23.00 27.00	X		X				0.	211,387.	12,192.
(8) P. DANIEL DONOHUE DIRECTOR	1.00 2.00	X						0.	0.	0.
(9) JOE HENKIN DIRECTOR	1.00 2.00	X						0.	0.	0.
(10) MOLLY MCCARTHY DIRECTOR	1.00 2.00	X						0.	0.	0.
(11) JON SODERHOLM DIRECTOR	1.00 2.00	X						0.	0.	0.
(12) DR. LARRY FENTON DIRECTOR	1.00 2.00	X						0.	0.	0.
(13) MARK STERNHAGEN DIRECTOR	1.00 2.00	X						0.	0.	0.
(14) CLAUDIA VUCUREVICH DIRECTOR	1.00 2.00	X						0.	0.	0.
(15) TERRI GRABLANDER DIRECTOR	1.00 2.00	X						0.	0.	0.
(16) MARLI SCHIPPERS (BEG 01/2017) DIRECTOR	1.00 2.00	X						0.	0.	0.
(17) CURT HOHMAN DIRECTOR/FOUNDATION PAST CHAIR	1.00 2.50	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) JEFF NELSON DIRECTOR/CURRENT FOUNDATION CHAIR	1.00 2.50	X						0.	0.	0.
(19) BRANDI KOWALCZYK CFO (UNTIL 11/2016)	21.00 29.00			X				0.	102,354.	14,028.
(20) STEVE WILSON CFO (BEG 01/2017)	22.00 28.00			X				0.	0.	0.
<b>1b Sub-total</b>								0.	313,741.	26,220.
<b>c Total from continuation sheets to Part VII, Section A</b>								0.	0.	0.
<b>d Total (add lines 1b and 1c)</b>								0.	313,741.	26,220.

**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 **0**

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
<b>4</b> 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	
<b>5</b> 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
LIFESCAPE 2501 W 26TH STREET, SIOUX FALLS, SD 57105	SHARED SERVICES	1,762,349.
SANFORD USD MEDICAL CENTER PO BOX 5074, SIOUX FALLS, SD 57117-5074	RESP. THERAPY; IT SVCS	393,234.
JOHNSON CONTROLS PO BOX 730068, DALLAS, TX 75373	TECHNOLOGY SERVICES	240,626.
SANFORD CHILDREN'S SPECIALTY CLINIC PO BOX 5039, SIOUX FALLS, SD 57117-5039	PHYSICIAN SERVICES	216,721.

**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 **4**

**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	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns	<b>1a</b>					
	<b>b</b> Membership dues	<b>1b</b>					
	<b>c</b> Fundraising events	<b>1c</b>	82,316.				
	<b>d</b> Related organizations	<b>1d</b>	556,608.				
	<b>e</b> Government grants (contributions)	<b>1e</b>	28,580.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	15,075.				
	<b>g</b> Noncash contributions included in lines 1a-1f: \$						
	<b>h Total.</b> Add lines 1a-1f		682,579.				
	<b>Program Service Revenue</b>	<b>2 a</b> PATIENT/RESIDENT FEES	<b>Business Code</b> 623000	25,373,699.	25,373,699.		
<b>b</b> OTHER SERVICE REVENUE		900099	291,156.	291,156.			
<b>c</b>							
<b>d</b>							
<b>e</b>							
<b>f</b> All other program service revenue							
<b>g Total.</b> Add lines 2a-2f			25,664,855.				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts)		185,352.			185,352.	
	<b>4</b> Income from investment of tax-exempt bond proceeds						
	<b>5</b> Royalties						
	<b>6 a</b> Gross rents	(i) Real	105,893.				
		(ii) Personal					
		Less: rental expenses	0.				
	<b>c</b> Rental income or (loss)		105,893.				
	<b>d</b> Net rental income or (loss)		105,893.			105,893.	
	<b>7 a</b> Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
		Less: cost or other basis and sales expenses		9,860.			
		<b>c</b> Gain or (loss)		-9,860.			
	<b>d</b> Net gain or (loss)		-9,860.			-9,860.	
	<b>8 a</b> Gross income from fundraising events (not including \$ 82,316. of contributions reported on line 1c). See Part IV, line 18	<b>a</b>	5,300.				
		<b>b</b> Less: direct expenses		7,800.			
<b>c</b> Net income or (loss) from fundraising events			-2,500.			-2,500.	
<b>9 a</b> Gross income from gaming activities. See Part IV, line 19	<b>a</b>						
	<b>b</b> Less: direct expenses						
	<b>c</b> Net income or (loss) from gaming activities						
<b>10 a</b> Gross sales of inventory, less returns and allowances	<b>a</b>						
	<b>b</b> Less: cost of goods sold						
	<b>c</b> Net income or (loss) from sales of inventory						
<b>Miscellaneous Revenue</b>		<b>Business Code</b>					
<b>11 a</b>							
	<b>b</b>						
	<b>c</b>						
	<b>d</b> All other revenue						
	<b>e Total.</b> Add lines 11a-11d						
<b>12 Total revenue.</b> See instructions.			26,626,319.	25,664,855.	0.	278,885.	

**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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(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	65,892.	65,892.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	50.	50.		
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	14,521,277.	13,666,601.	854,676.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	251,704.	242,294.	9,410.	
9 Other employee benefits	1,910,275.	1,664,155.	246,120.	
10 Payroll taxes	1,054,625.	1,042,969.	11,656.	
11 Fees for services (non-employees):				
a Management	1,982,061.		1,982,061.	
b Legal	4,409.		4,409.	
c Accounting	51,654.		51,654.	
d Lobbying	23,623.		23,623.	
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	1,069,007.	714,785.	354,222.	
12 Advertising and promotion	82,765.	6,020.	76,745.	
13 Office expenses	268,808.	161,613.	107,195.	
14 Information technology	4,100.		4,100.	
15 Royalties				
16 Occupancy	765,179.	726,734.	38,445.	
17 Travel	75,782.	71,517.	4,265.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	65,558.	28,929.	36,629.	
20 Interest	287,989.		287,989.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,142,591.	1,142,591.		
23 Insurance	213,373.		213,373.	
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 <b>OTHER SUPPLIES</b>	1,130,109.	1,079,644.	50,465.	
b <b>MAINTENANCE AND REPAIR</b>	281,897.	239,329.	42,568.	
c <b>BAD DEBTS</b>	110,400.	110,400.		
d <b>DUES AND SUBSCRIPTIONS</b>	59,827.	23,098.	36,729.	
e All other expenses	551,355.	537,977.	13,378.	
25 <b>Total functional expenses.</b> Add lines 1 through 24e	25,974,310.	21,524,598.	4,449,712.	0.
26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				
Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	90,921.	65,942.	652.	24,327.

**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
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....		<b>1</b>	
	<b>2</b> Savings and temporary cash investments .....	737,041.	<b>2</b>	30,588.
	<b>3</b> Pledges and grants receivable, net .....		<b>3</b>	
	<b>4</b> Accounts receivable, net .....	5,594,021.	<b>4</b>	6,013,657.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		<b>5</b>	
	<b>6</b> 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 .....		<b>6</b>	
	<b>7</b> Notes and loans receivable, net .....		<b>7</b>	
	<b>8</b> Inventories for sale or use .....	19,194.	<b>8</b>	30,808.
	<b>9</b> Prepaid expenses and deferred charges .....	14,705.	<b>9</b>	24,122.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 28,783,863.		
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 20,510,518.	<b>10c</b>	8,273,345.
	<b>11</b> Investments - publicly traded securities .....	4,232,368.	<b>11</b>	4,346,256.
	<b>12</b> Investments - other securities. See Part IV, line 11 .....		<b>12</b>	
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		<b>13</b>	
	<b>14</b> Intangible assets .....		<b>14</b>	100,608.
	<b>15</b> Other assets. See Part IV, line 11 .....	4,848,580.	<b>15</b>	5,572,051.
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	24,233,203.	<b>16</b>	24,391,435.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	-102,771.	<b>17</b>	1,735,537.
	<b>18</b> Grants payable .....		<b>18</b>	
	<b>19</b> Deferred revenue .....		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities .....	6,370,000.	<b>20</b>	6,009,026.
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		<b>21</b>	
	<b>22</b> 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 .....		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		<b>24</b>	
	<b>25</b> 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 .....	73,000.	<b>25</b>	22,017.
	<b>26 Total liabilities.</b> Add lines 17 through 25 .....	6,340,229.	<b>26</b>	7,766,580.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	17,614,162.	<b>27</b>	16,425,337.
	<b>28</b> Temporarily restricted net assets .....	262,041.	<b>28</b>	182,746.
	<b>29</b> Permanently restricted net assets .....	16,771.	<b>29</b>	16,772.
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		<b>32</b>	
	<b>33</b> Total net assets or fund balances .....	17,892,974.	<b>33</b>	16,624,855.
	<b>34</b> Total liabilities and net assets/fund balances .....	24,233,203.	<b>34</b>	24,391,435.

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	26,626,319.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	25,974,310.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	652,009.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	17,892,974.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	222,234.
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	-241,883.
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	-1,900,479.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	16,624,855.

**Part XII Financial Statements and Reporting**

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

		Yes	No
<b>1</b>	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.		
<b>2a</b>	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>b</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	
<b>c</b>	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	
<b>3a</b>	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>b</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 _____		



**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Open to Public Inspection

<b>Name of the organization</b> CHILDREN'S CARE HOSPITAL AND SCHOOL	<b>Employer identification number</b> 46-0233030
--	---

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

- The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)
- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
  - 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
  - 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
  - 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
  - 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
  - 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
  - 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
  - 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
  - 9  An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
  - 10  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
  - 11  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
  - 12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
    - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
    - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
    - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
    - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
    - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
    - f Enter the number of supported organizations .....
    - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
<b>Total</b>						

**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
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> 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) .....						
<b>6 Public support.</b> 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
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on ...						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First five years.</b> 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 <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f)) .....	14	%
<b>15</b> Public support percentage from 2015 Schedule A, Part II, line 14 .....	15	%
<b>16a 33 1/3% support test - 2016.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 33 1/3% support test - 2015.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>17a 10% -facts-and-circumstances test - 2016.</b> 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 <b>stop here.</b> 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>b 10% -facts-and-circumstances test - 2015.</b> 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 <b>stop here.</b> 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>18 Private foundation.</b> 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
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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 .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (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
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>13 Total support.</b> (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**

<b>15</b> Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2015 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

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

**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
<b>1</b> 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>		
<b>2</b> 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>		
<b>3a</b> 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>b</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>		
<b>c</b> 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>		
<b>4a</b> 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>b</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>		
<b>c</b> 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>		
<b>5a</b> 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>b Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> 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>		
<b>7</b> 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>		
<b>8</b> 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>		
<b>9a</b> 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>b</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>		
<b>c</b> 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>		
<b>10a</b> 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>b</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
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> 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>b</b> A family member of a person described in (a) above?		
<b>c</b> 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.		

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> 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.		
<b>2</b> 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.		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> 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).		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> 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?		
<b>2</b> 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).		
<b>3</b> 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.		

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
<b>2</b> Activities Test. Answer (a) and (b) below.		
<b>a</b> 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.	Yes	No
<b>b</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.		
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.		
<b>a</b> 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>b</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.		

**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.

<b>Section A - Adjusted Net Income</b>		(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	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	8	

<b>Section B - Minimum Asset Amount</b>		(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	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):		
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	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	

<b>Section C - Distributable Amount</b>			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	<b>Distributable Amount.</b> 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
<b>1</b> Amounts paid to supported organizations to accomplish exempt purposes	
<b>2</b> Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
<b>3</b> Administrative expenses paid to accomplish exempt purposes of supported organizations	
<b>4</b> Amounts paid to acquire exempt-use assets	
<b>5</b> Qualified set-aside amounts (prior IRS approval required)	
<b>6</b> Other distributions (describe in <b>Part VI</b> ). See instructions	
<b>7 Total annual distributions.</b> Add lines 1 through 6	
<b>8</b> Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions	
<b>9</b> Distributable amount for 2016 from Section C, line 6	
<b>10</b> 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
<b>1</b> Distributable amount for 2016 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2016 (reasonable cause required- explain in Part VI). See instructions			
<b>3</b> Excess distributions carryover, if any, to 2016:			
<b>a</b>			
<b>b</b>			
<b>c</b> From 2013			
<b>d</b> From 2014			
<b>e</b> From 2015			
<b>f Total</b> of lines 3a through e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2016 distributable amount			
<b>i</b> Carryover from 2011 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
<b>4</b> Distributions for 2016 from Section D, line 7: \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2016 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from 4			
<b>5</b> 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			
<b>6</b> Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions			
<b>7 Excess distributions carryover to 2017.</b> Add lines 3j and 4c			
<b>8</b> Breakdown of line 7:			
<b>a</b>			
<b>b</b> Excess from 2013			
<b>c</b> Excess from 2014			
<b>d</b> Excess from 2015			
<b>e</b> Excess from 2016			





**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](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Name of the organization

CHILDREN'S CARE HOSPITAL AND SCHOOL

Employer identification number

46-0233030

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)

<b>Name of organization</b>  CHILDREN'S CARE HOSPITAL AND SCHOOL	<b>Employer identification number</b>  46-0233030
--	---

**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/>	\$ 556,608.	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  <b>CHILDREN'S CARE HOSPITAL AND SCHOOL</b>	Employer identification number  <b>46-0233030</b>
--	---

**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
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____

Name of organization  <b>CHILDREN'S CARE HOSPITAL AND SCHOOL</b>	Employer identification number  <b>46-0233030</b>
--	---

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

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2016**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527

- ▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**
- ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

**If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then**

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

**If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then**

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

**If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then**

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization <b>CHILDREN'S CARE HOSPITAL AND SCHOOL</b>	Employer identification number <b>46-0233030</b>
--	---

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political campaign activity expenditures ..... ▶ \$ \_\_\_\_\_
- 3 Volunteer hours for political campaign activities ..... \_\_\_\_\_

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ..... ▶ \$ \_\_\_\_\_
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ..... ▶ \$ \_\_\_\_\_
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? .....  Yes  No
- 4a Was a correction made? .....  Yes  No
- b If "Yes," describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ..... ▶ \$ \_\_\_\_\_
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ..... ▶ \$ \_\_\_\_\_
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ..... ▶ \$ \_\_\_\_\_
- 4 Did the filing organization file **Form 1120-POL** for this year? .....  Yes  No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

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

**Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

- A** Check  if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check  if the filing organization checked box A and "limited control" provisions apply.

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)	<b>(a) Filing organization's totals</b>	<b>(b) Affiliated group totals</b>												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) .....														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) .....														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) .....														
<b>d</b> Other exempt purpose expenditures .....														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) .....														
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width:65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e.													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.													
Over \$17,000,000	\$1,000,000.													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) .....														
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- .....														
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- .....														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No												

**4-Year Averaging Period Under section 501(h)**  
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

**Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).**

For each "Yes," response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers? .....		X	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? ..	X		
<b>c</b> Media advertisements? .....		X	
<b>d</b> Mailings to members, legislators, or the public? .....	X		126.
<b>e</b> Publications, or published or broadcast statements? .....		X	
<b>f</b> Grants to other organizations for lobbying purposes? .....	X		
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body? .....	X		23,623.
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? .....		X	
<b>i</b> Other activities? .....		X	
<b>j</b> Total. Add lines 1c through 1i .....			23,749.
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? .....		X	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912 .....			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912 .....			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? .....			

**Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

	Yes	No
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members? .....	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less? .....	2	
<b>3</b> Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year? .....	3	

**Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."**

<b>1</b> Dues, assessments and similar amounts from members .....	1	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year .....	2a	
<b>b</b> Carryover from last year .....	2b	
<b>c</b> Total .....	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues .....	3	
<b>4</b> If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year? .....	4	
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions) .....	5	

**Part IV Supplemental Information**

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

**PART II-B, LINE 1, LOBBYING ACTIVITIES:**

CHILDREN'S CARE HOSPITAL AND SCHOOL (CCHS) CONTRACTS FOR LOBBYING SERVICES. THE LOBBYIST IS IN DIRECT CONTACT WITH LEGISLATORS, THEIR STAFFS AND GOVERNMENT OFFICIALS DURING THE STATE'S 30-40 DAY LEGISLATIVE SESSION. THE LOBBYIST HELPS CCHS DEFINE ISSUES AND MAKE CONTACT WITH APPROPRIATE LEGISLATIVE AND EXECUTIVE BRANCH PERSONNEL TO





**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](http://www.irs.gov/form990).**

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

**Name of the organization** CHILDREN'S CARE HOSPITAL AND SCHOOL **Employer identification number** 46-0233030

**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? .....

Yes  No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? .....

Yes  No

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

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

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

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

(i) Revenue included on Form 990, Part VIII, line 1 .....

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

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

a Revenue included on Form 990, Part VIII, line 1 .....

▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

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

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	<b>1c</b>
d Additions during the year	<b>1d</b>
e Distributions during the year	<b>1e</b>
f Ending balance	<b>1f</b>

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					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment  \_\_\_\_\_ %
- b Permanent endowment  \_\_\_\_\_ %
- c Temporarily restricted endowment  \_\_\_\_\_ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	<b>3a(i)</b>	
(ii) related organizations	<b>3a(ii)</b>	
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	<b>3b</b>	

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		430,216.		430,216.
b Buildings		21,197,677.	14,630,771.	6,566,906.
c Leasehold improvements				
d Equipment		6,703,912.	5,645,907.	1,058,005.
e Other		452,058.	233,840.	218,218.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				<b>8,273,345.</b>

**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)		
<b>Total.</b> (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)		
<b>Total.</b> (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) INVESTMENT IN DAKOTA TRUCK UNDERWRITERS	171,921.
(2) INTERCOMPANY RECEIVABLE	5,400,130.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	5,572,051.

**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) ASSETS HELD IN TRUST	22,017.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	22,017.

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.

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

**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.

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

**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 X, LINE 2:**

CHILDREN'S CARE HOSPITAL AND SCHOOL IS ORGANIZED AS A SOUTH DAKOTA  
 NONPROFIT CORPORATION AND HAS BEEN RECOGNIZED BY THE INTERNAL REVENUE  
 SERVICE (IRS) AS EXEMPT FROM FEDERAL INCOME TAXES UNDER INTERNAL REVENUE  
 CODE SECTION 501(C)(3). IT IS ANNUALLY REQUIRED TO FILE A RETURN OF  
 ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS. CHILDREN'S  
 CARE HOSPITAL AND SCHOOL HAS DETERMINED THAT IT IS NOT SUBJECT TO  
 UNRELATED BUSINESS INCOME TAX AND HAS NOT FILED AN EXEMPT ORGANIZATION  
 BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS.  
 THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX  
 POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH,  
 DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE

**Part XIII** Supplemental Information *(continued)*

**FINANCIAL STATEMENTS.**

THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES  
RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE  
IF SUCH INTEREST AND PENALTIES ARE INCURRED.

**SCHEDULE G**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information Regarding Fundraising or Gaming Activities**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.  
▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule G (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

Name of the organization

**CHILDREN'S CARE HOSPITAL AND SCHOOL**

Employer identification number

**46-0233030**

**Part I Fundraising Activities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

- 1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- |   |  |
|---|--|
| a <input type="checkbox"/> Mail solicitations               | e <input type="checkbox"/> Solicitation of non-government grants |
| b <input type="checkbox"/> Internet and email solicitations | f <input type="checkbox"/> Solicitation of government grants     |
| c <input type="checkbox"/> Phone solicitations              | g <input type="checkbox"/> Special fundraising events            |
| d <input type="checkbox"/> In-person solicitations          |  |
- 2 a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees, or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?  Yes  No
- b If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
<b>Total</b> .....	▶					

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

---

---

---

---

---

---

---

---

---

---

**Part II Fundraising Events.** Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

Revenue		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		MALL WALK (event type)	(event type)	NONE (total number)	
	<b>1</b> Gross receipts .....	87,616.			87,616.
	<b>2</b> Less: Contributions .....	82,316.			82,316.
	<b>3</b> Gross income (line 1 minus line 2) .....	5,300.			5,300.
Direct Expenses	<b>4</b> Cash prizes .....				
	<b>5</b> Noncash prizes .....	5,300.			5,300.
	<b>6</b> Rent/facility costs .....	2,500.			2,500.
	<b>7</b> Food and beverages .....				
	<b>8</b> Entertainment .....				
	<b>9</b> Other direct expenses .....				
	<b>10</b> Direct expense summary. Add lines 4 through 9 in column (d) .....				7,800.
	<b>11</b> Net income summary. Subtract line 10 from line 3, column (d) .....				-2,500.

**Part III Gaming.** Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

Revenue		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
	<b>1</b> Gross revenue .....				
Direct Expenses	<b>2</b> Cash prizes .....				
	<b>3</b> Noncash prizes .....				
	<b>4</b> Rent/facility costs .....				
	<b>5</b> Other direct expenses .....				
	<b>6</b> Volunteer labor .....	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
	<b>7</b> Direct expense summary. Add lines 2 through 5 in column (d) .....				
	<b>8</b> Net gaming income summary. Subtract line 7 from line 1, column (d) .....				

**9** Enter the state(s) in which the organization conducts gaming activities: \_\_\_\_\_  
**a** Is the organization licensed to conduct gaming activities in each of these states?  Yes  No  
**b** If "No," explain: \_\_\_\_\_

**10a** Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year?  Yes  No  
**b** If "Yes," explain: \_\_\_\_\_

- 11** Does the organization conduct gaming activities with nonmembers?  Yes  No
- 12** Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No
- 13** Indicate the percentage of gaming activity conducted in:
- |                                      |            |   |
|--------------------------------------|------------|---|
| <b>a</b> The organization's facility | <b>13a</b> | % |
| <b>b</b> An outside facility         | <b>13b</b> | % |
- 14** Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

- 15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No
- b** If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_
- c** If "Yes," enter name and address of the third party:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

**16** Gaming manager information:

Name ▶ \_\_\_\_\_

Gaming manager compensation ▶ \$ \_\_\_\_\_

Description of services provided ▶ \_\_\_\_\_

\_\_\_\_\_

Director/officer       Employee       Independent contractor

**17** Mandatory distributions:

- a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No
- b** Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ \_\_\_\_\_

**Part IV** **Supplemental Information.** Provide the explanations required by Part I, line 2b, columns (iii) and (v); and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information. See instructions

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_





**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](http://www.irs.gov/form990).

Open to Public Inspection

Name of the organization **CHILDREN'S CARE HOSPITAL AND SCHOOL** Employer identification number **46-0233030**

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .....	<input checked="" type="checkbox"/>	
<b>b</b> If "Yes," was it a written policy? .....	<input checked="" type="checkbox"/>	
<b>2</b> 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		
<b>3</b> 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.		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: .....	<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
<b>b</b> Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: .....	<input checked="" type="checkbox"/>	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>175</u> %		
<b>c</b> 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.		
<b>4</b> 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"?	<input checked="" type="checkbox"/>	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?		<input checked="" type="checkbox"/>
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		
<b>c</b> 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?		
<b>6a</b> Did the organization prepare a community benefit report during the tax year?		<input checked="" type="checkbox"/>
<b>b</b> If "Yes," did the organization make it available to the public?		

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
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1) .....						
<b>b</b> Medicaid (from Worksheet 3, column a) .....			15,344,873.	14,636,223.	708,650.	2.74%
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) .....						
<b>d Total</b> Financial Assistance and Means-Tested Government Programs .....			15,344,873.	14,636,223.	708,650.	2.74%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) .....						
<b>f</b> Health professions education (from Worksheet 5) .....						
<b>g</b> Subsidized health services (from Worksheet 6) .....						
<b>h</b> Research (from Worksheet 7) .....						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) .....						
<b>j Total.</b> Other Benefits .....						
<b>k Total.</b> Add lines 7d and 7j .....			15,344,873.	14,636,223.	708,650.	2.74%

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total						

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? .....	1		X
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount .....	2		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit .....	3		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			
<b>Section B. Medicare</b>			
5 Enter total revenue received from Medicare (including DSH and IME) .....	5		
6 Enter Medicare allowable costs of care relating to payments on line 5 .....	6		
7 Subtract line 6 from line 5. This is the surplus (or shortfall) .....	7		
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

**Section C. Collection Practices**

9a Did the organization have a written debt collection policy during the tax year? .....	9a	X	
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI .....	9b	X	

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians - see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %

**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? 1

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)

1 CHILDREN'S CARE HOSPITAL & SCHOOL	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
2501 W 26TH ST & 1020 W 18TH ST										
SIOUX FALLS, SD 57105										
WWW.LIFESCAPESD.ORG										
10562	X		X							

**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 CHILDREN'S CARE HOSPITAL & SCHOOL

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

	Yes	No
<b>Community Health Needs Assessment</b>		
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? .....	1	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 .....	2	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 .....	3	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 checked="" 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 checked="" 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 checked="" 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: 20 <u>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 .....	5	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 .....	6a	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 .....	6b	X
7 Did the hospital facility make its CHNA report widely available to the public? .....	7	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>SEE 7D</u>		
b <input type="checkbox"/> Other website (list url): _____		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input checked="" 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 .....	8	X
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>15</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website? .....	10	X
a If "Yes," (list url): <u>SEE 7D</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? .....	10b	
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)? .....	12a	X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? .....	12b	
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 CHILDREN'S CARE HOSPITAL & SCHOOL

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? .....	<b>X</b>	
If "Yes," indicate the eligibility criteria explained in the FAP:		
<b>a</b> <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>100</u> % and FPG family income limit for eligibility for discounted care of <u>175</u> %		
<b>b</b> <input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
<b>c</b> <input checked="" type="checkbox"/> Asset level		
<b>d</b> <input checked="" type="checkbox"/> Medical indigency		
<b>e</b> <input checked="" type="checkbox"/> Insurance status		
<b>f</b> <input checked="" type="checkbox"/> Underinsurance status		
<b>g</b> <input type="checkbox"/> Residency		
<b>h</b> <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>X</b>	
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):		
<b>a</b> <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
<b>b</b> <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
<b>c</b> <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
<b>d</b> <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
<b>e</b> <input checked="" type="checkbox"/> Other (describe in Section C)		
<b>16</b> Was widely publicized within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
<b>a</b> <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
<b>b</b> <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
<b>c</b> <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>		
<b>d</b> <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>e</b> <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)		
<b>f</b> <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)		
<b>g</b> <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		
<b>h</b> <input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
<b>i</b> <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		
<b>j</b> <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 CHILDREN'S CARE HOSPITAL & SCHOOL

	Yes	No
<b>17</b> 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	
<b>18</b> 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:		
<b>a</b> <input type="checkbox"/> Reporting to credit agency(ies)		
<b>b</b> <input type="checkbox"/> Selling an individual's debt to another party		
<b>c</b> <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		
<b>d</b> <input type="checkbox"/> Actions that require a legal or judicial process		
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)		
<b>f</b> <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
<b>19</b> 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:		
<b>a</b> <input type="checkbox"/> Reporting to credit agency(ies)		
<b>b</b> <input type="checkbox"/> Selling an individual's debt to another party		
<b>c</b> <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		
<b>d</b> <input type="checkbox"/> Actions that require a legal or judicial process		
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)		
<b>20</b> 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):		
<b>a</b> <input checked="" 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>b</b> <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process		
<b>c</b> <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications		
<b>d</b> <input checked="" type="checkbox"/> Made presumptive eligibility determinations		
<b>e</b> <input checked="" type="checkbox"/> Other (describe in Section C)		
<b>f</b> <input type="checkbox"/> None of these efforts were made		

**Policy Relating to Emergency Medical Care**

<b>21</b> 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:			
<b>a</b> <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
<b>b</b> <input type="checkbox"/> The hospital facility's policy was not in writing			
<b>c</b> <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
<b>d</b> <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 CHILDREN'S CARE HOSPITAL & SCHOOL

		Yes	No
<b>22</b>	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.		
<b>a</b>	<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>b</b>	<input checked="" 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		
<b>c</b>	<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		
<b>d</b>	<input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
<b>23</b>	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? .....	<b>23</b>	<b>X</b>
	If "Yes," explain in Section C.		
<b>24</b>	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? .....	<b>24</b>	<b>X</b>
	If "Yes," explain in Section C.		

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.

CHILDREN'S CARE HOSPITAL & SCHOOL:

PART V, SECTION B, LINE 5: A GROUP OF COMMUNITY STAKEHOLDERS WITH A WIDE RANGE OF BACKGROUNDS WERE IDENTIFIED WHICH INCLUDED COMMUNITY SUPPORT PROVIDERS, COMMUNITY HEALTH CLINICS/CENTERS, INDIAN HEALTH SERVICES, PARENTS, HEALTH & HUMAN SERVICES STATE AGENCIES, PARENT RESOURCE CENTERS, PHYSICIANS, AS WELL AS OTHER AGENCIES WITH KNOWLEDGE OF COMMUNITY HEALTH NEEDS. THESE STAKEHOLDERS WERE INTERVIEWED TO GATHER INFORMATION AND OPINIONS REPRESENTING THE BROAD INTEREST OF THE COMMUNITY SERVED WHICH DIRECTLY LEAD TO THE OUTCOME OF THE COMMUNITY HEALTH NEEDS ASSESSMENT.

CHILDREN'S CARE HOSPITAL & SCHOOL:

PART V, SECTION B, LINE 7D: [HTTPS://WWW.LIFESCAPESD.ORG/COMMUNITY-HEALTH-NEEDS-ASSESSMENT](https://www.lifescapesd.org/community-health-needs-assesment)

THE IMPLEMENTATION STRATEGY CAN BE FOUND ON PAGE 26 OF THE CHNA REPORT.

CHILDREN'S CARE HOSPITAL & SCHOOL:

PART V, SECTION B, LINE 11: THE COMMUNITY HEALTH NEEDS ASSESSMENT IDENTIFIED TWO KEY PRIORITY AREAS OF NEED:

1) LACK OF MENTAL HEALTH SERVICES AND PROVIDERS

-OUR PSYCHOLOGY DEPARTMENT HAS INCREASED TO 2 FTE'S. WE ARE WORKING TO HIRE ANOTHER PSYCHOLOGIST TO HELP MEET THE NEEDS AT OUR OUTPATIENT CLINIC.

-WE CONTINUE TO EDUCATE PROVIDERS, STAFF AND FAMILIES ON OUR PSYCHOLOGY SERVICES AS WELL AS GENERAL MENTAL HEALTH NEEDS.

**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.

-WE HAVE IDENTIFIED PROGRAMS WHERE PSYCHOLOGY WOULD BE BENEFICIAL TO BE PART OF THE INTERDISCIPLINARY TEAM AND ARE WORKING ON HOW TO INCORPORATE THEM.

-WE HAVE OPENED UP 2 ADDITIONAL AUTISM EVALUATION SLOTS AND CONTINUE TO WORK TOWARD ADDING ADDITIONAL TIMES.

2) BARRIERS THAT IMPEDE ACCESS TO HEALTHCARE FOR NON-ENGLISH SPEAKING IMMIGRANTS.

-WE MET WITH LUTHERAN SOCIAL SERVICES TO COLLABORATE ON HOW CCHS CAN HELP NON-ENGLISH SPEAKING REFUGEE IMMIGRANT FAMILIES REALIZE THE IMPORTANCE OF THERAPY SERVICES. WE WILL BE WORKING ON A TRAINING WITH THE STAFF OF LUTHERAN SOCIAL SERVICES IN THE NEAR FUTURE. WE WILL ALSO BE REACHING OUT TO A COMMUNITY HEALTH PROVIDER THAT SEES A HIGHER VOLUME OF REFUGEES WHO SPEAK MANY DIFFERENT LANGUAGES FOR ADDITIONAL GUIDANCE.

-WE HAVE WORKED WITH AN ADDITIONAL TRANSLATOR SERVICE THAT DOES NOT BILL PATIENTS FOR APPOINTMENTS WHERE THE FAMILIES DID NOT SHOW. WE WILL ALSO BE LOOKING INTO A NEW TABLET TRANSLATION SERVICE.

ADDITIONALLY, THERE WERE OTHER PRIORITIES IDENTIFIED THAT WE WILL NOT ADDRESS: 1) BROADEN GUIDELINES/INCREASE ACCESS TO LOW FEE/SLIDING SCALE SERVICES FOR PEOPLE IN POVERTY/WORKING POOR WHO ARE UNDERSERVED. AS A PROVIDER WITH LIMITED REIMBURSEMENT, WE ARE NOT ABLE TO IMPACT GUIDELINES FOR THESE SERVICES. 2) IMPROVE RESPONSIVENESS, TIMELINESS OF SERVICES ON INDIAN RESERVATIONS; INCREASE SERVICES FOR NATIVE AMERICANS WHO ARE UNDERSERVED; PROVIDE PRENATAL CARE TO NATIVE AMERICANS. LIFESCAPE SERVES MANY PEOPLE WHO ARE NATIVE AMERICAN THROUGH INPATIENT, OUTPATIENT AND OUTREACH SERVICES WITH OUTREACH SERVICES LIMITED TO SCHOOL BASED THERAPY

**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.

ONLY. IT IS BEYOND OUR SCOPE TO PROVIDE MEDICAL SERVICES ON THE RESERVATIONS AND ALSO BEYOND OUR SCOPE TO PROVIDE PRENATAL CARE TO WOMEN. 3) INCREASE OUTREACH PROGRAMS INTO RURAL AREAS INCLUDING TELEMEDICINE. AS STATED, LIFESCAPE'S OUTREACH SERVICES ARE PRIMARILY SCHOOL-BASED. REIMBURSEMENT AND LICENSING REQUIREMENTS LIMIT EXPANSION OF OUTREACH EFFORTS.

CHILDREN'S CARE HOSPITAL & SCHOOL:

PART V, SECTION B, LINE 13B: THERE ARE INSTANCES WHEN A PATIENT MAY APPEAR ELIGIBLE FOR CHARITY CARE DISCOUNTS, BUT THERE IS NO FINANCIAL ASSISTANCE FORM ON FILE DUE TO A LACK OF SUPPORTING DOCUMENTATION. OFTEN THERE IS ADEQUATE INFORMATION PROVIDED BY THE PATIENT THROUGH OTHER SOURCES, WHICH COULD PROVIDE SUFFICIENT EVIDENCE TO PROVIDE THE PATIENT WITH CHARITY CARE ASSISTANCE. IN THE EVENT THERE IS NO EVIDENCE TO SUPPORT A PATIENT'S ELIGIBILITY FOR CHARITY CARE, CHILDREN'S CARE HOSPITAL AND SCHOOL COULD USE OUTSIDE AGENCIES IN DETERMINING ESTIMATED INCOME AMOUNTS FOR THE BASIS OF DETERMINING CHARITY CARE ELIGIBILITY AND POTENTIAL DISCOUNT AMOUNTS. PRESUMPTIVE ELIGIBILITY MAY BE DETERMINED ON THE BASIS OF INDIVIDUAL LIFE CIRCUMSTANCES THAT MAY INCLUDE:

1. STATE-FUNDED PRESCRIPTION PROGRAMS;
2. HOMELESS OR RECEIVED CARE FROM A HOMELESS CLINIC;
3. PARTICIPATION IN WOMEN, INFANTS AND CHILDREN PROGRAMS (WIC);
4. FOOD STAMP ELIGIBILITY;
5. SUBSIDIZED SCHOOL LUNCH PROGRAM ELIGIBILITY;
6. ELIGIBILITY FOR OTHER STATE OR LOCAL ASSISTANCE PROGRAM THAT ARE

**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.

UNFUNDED (E.G., MEDICAID SPEND-DOWN);

7. LOW INCOME/SUBSIDIZED HOUSING IS PROVIDED AS A VALID ADDRESS; AND,

8. PATIENT IS DECEASED WITH NO KNOWN ESTATE.

CHILDREN'S CARE HOSPITAL & SCHOOL:

PART V, SECTION B, LINE 15E: THE FINANCIAL ASSISTANCE POLICY STATES NOTIFICATION ABOUT CHARITY CARE AVAILABLE FROM CCHS SHALL INCLUDE A CONTACT NUMBER AND WILL BE DISSEMINATED BY VARIOUS MEANS, INCLUDING BUT NOT LIMITED TO, THE PUBLICATION OF NOTICES IN PATIENT BILLS AND BY POSTING NOTICES IN EMERGENCY ROOMS, ADMITTING AND REGISTRATION DEPARTMENTS, AND IN THE BUSINESS OFFICE.

CHILDREN'S CARE HOSPITAL & SCHOOL

PART V, LINE 16A, FAP WEBSITE:

[HTTPS://WWW.LIFESCAPESD.ORG/BILLING\\_COLLECTIONS\\_FINANCIAL\\_ASSISTANCE](https://www.lifescapesd.org/billing_collections_financial_assistance)

CHILDREN'S CARE HOSPITAL & SCHOOL

PART V, LINE 16B, FAP APPLICATION WEBSITE:

[HTTPS://WWW.LIFESCAPESD.ORG/BILLING\\_COLLECTIONS\\_FINANCIAL\\_ASSISTANCE](https://www.lifescapesd.org/billing_collections_financial_assistance)

CHILDREN'S CARE HOSPITAL & SCHOOL

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

[HTTPS://WWW.LIFESCAPESD.ORG/BILLING\\_COLLECTIONS\\_FINANCIAL\\_ASSISTANCE](https://www.lifescapesd.org/billing_collections_financial_assistance)

**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.

CHILDREN'S CARE HOSPITAL & SCHOOL:

PART V, SECTION B, LINE 20E: LIFESCAPE WILL NOTIFY INDIVIDUALS THAT FINANCIAL ASSISTANCE IS AVAILABLE TO ELIGIBLE INDIVIDUALS AT LEAST 30 DAYS PRIOR TO PURSUING ECAS TO OBTAIN PAYMENT FOR THE CARE PROVIDED BY THE HOSPITAL BY DOING THE FOLLOWING:

1. PROVIDE WRITTEN NOTICE TO THE INDIVIDUAL INDICATING THAT FINANCIAL ASSISTANCE IS AVAILABLE TO ELIGIBLE INDIVIDUALS, INDICATING THAT LIFESCAPE INTENDS TO INITIATE OR HAVE A THIRD-PARTY INITIATE TO OBTAIN PAYMENT FOR CARE, AND PROVIDES A DEADLINE AFTER WHICH ECAS MAY BE PURSUED AND WHICH IS NO LATER THAN 30 DAYS AFTER THE DATE OF WRITTEN NOTICE;

2. PROVIDE THE INDIVIDUAL A PLAIN LANGUAGE SUMMARY OF THE FINANCIAL ASSISTANCE POLICY WITH THIS WRITTEN NOTICE; AND

3. MAKE REASONABLE EFFORTS TO ORALLY NOTIFY INDIVIDUALS ABOUT THE FINANCIAL ASSISTANCE POLICY.

ECAS FOR HOSPITAL SERVICES WILL NOT COMMENCE FOR A PERIOD OF 120 DAYS AFTER THE DATE OF FIRST POST-DISCHARGE BILLING STATEMENT FOR THE APPLICABLE MEDICALLY NECESSARY OR EMERGENCY MEDICAL CARE.

CHILDREN'S CARE HOSPITAL & SCHOOL:

PART V, SECTION B, LINE 24: THE POLICY DOES NOT COVER ELECTIVE PROCEDURES AND THEY HAVE CONFIRMED NO FAP PATIENTS HAD ELECTIVE PROCEDURES.

**Part V Facility Information** (continued)

**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

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

How many non-hospital health care facilities did the organization operate during the tax year? 2

Name and address	Type of Facility (describe)
1 CHILDREN'S CARE HOSPITAL & SCHOOL 7110 JORDAN DRIVE RAPID CITY, SD 57702	OUTPATIENT REHABILITATION CENTER
2 CHILDREN'S CARE HOSPITAL AND SCHOOL 2524 GLENN AVENUE SIOUX CITY, IA 51106	OCCUPATIONAL, PHYSICAL AND SPEECH THERAPY

**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:**

---

IN ADDITION TO FEDERAL POVERTY GUIDELINES TO DETERMINE FAP ELIGIBILITY, CCHS USES AN ASSET TEST, REVIEWS INSURANCE STATUS, CONSIDERS MEDICAL INDIGENCY, AND REVIEWS INFORMATION TO DETERMINE PRESUMPTIVE ELIGIBILITY.

---



---

**PART I, LINE 7:**

---

LINE 7B UNREIMBURSED MEDICAID IS THE COST OF MEDICAID PROVIDED FOR INPATIENTS, PATIENTS AT THE RAPID CITY REHAB CENTER, RAPID CITY OUTREACH, SIOUX FALLS OUTREACH, AND SIOUX CITY OUTREACH. THE COST IS CALCULATED BY MULTIPLYING THE MEDICAID CHARGES TIMES THE COST-TO-CHARGE RATIO, AS DETERMINED THROUGH USE OF THE GENERAL LEDGER.

---



---

**PART I, LN 7 COL(F):**

---

BAD DEBT EXPENSE OF \$110,400 WAS SUBTRACTED FROM TOTAL OPERATING EXPENSE.

---



---

**PART III, LINE 2:**

---

PAYMENTS ON ACCOUNTS THAT ARE WRITTEN OFF ARE NORMALLY MADE DIRECTLY TO THE COLLECTION AGENCY. IN THE RARE EVENT THAT A PAYMENT IS RECEIVED

---

**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.

---

DIRECTLY BY CCHS, CCHS NOTIFIES THE COLLECTION AGENCY OF ITS RECEIPT OF THE PAYMENT SO THE PATIENT'S ACCOUNT BALANCE CAN BE ADJUSTED.

---



---

PART III, LINE 3:

---

NO PART OF THE AMOUNT ON LINE 2 WAS DETERMINED TO BE CHARITY CARE ELIGIBLE.

---



---

PART III, LINE 4:

---

THE FINANCIAL STATEMENTS THAT DESCRIBE THE BAD DEBT EXPENSE ARE ON NOTE 1 PAGE 8.

---



---

PART III, LINE 8:

---

NO PART OF THE SHORTFALL ON LINE 7 IS TREATED AS COMMUNITY BENEFIT. THE HOSPITAL HAS MEDICARE CERTIFICATION BECAUSE IT IS REQUIRED IN ORDER TO OPERATE. THE OVERALL COST-TO-CHARGE RATIO BASED ON AUDITED FINANCIAL STATEMENTS WAS USED TO CALCULATE COST.

---



---

PART III, LINE 9B:



**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.

PRIOR TO ENGAGING IN ECAS, LIFESCAPE'S REVENUE CYCLE STAFF WILL IDENTIFY WHETHER REASONABLE EFFORTS WERE MADE TO DETERMINE WHETHER AN INDIVIDUAL IS ELIGIBLE FOR FINANCIAL ASSISTANCE. IF A PATIENT SUBMITS A COMPLETE HOSPITAL FINANCIAL ASSISTANCE APPLICATION DURING THE APPLICATION PERIOD, LIFESCAPE WILL SUSPEND ECAS AND MAKE AN ELIGIBILITY DETERMINATION BEFORE RESUMING ECA ACTIVITY.

PART V, LINE 16I FINANCIAL ASSISTANCE POLICY

DESCRIPTION OF FAILURE

TYPE OF FAILURE: 501(R)(4) - THE HOSPITAL IS REQUIRED TO TRANSLATE THE FINANCIAL ASSISTANCE POLICY, PLAIN LANGUAGE SUMMARY AND FINANCIAL ASSISTANCE POLICY APPLICATION INTO SPANISH AS MORE THAN THE LESSER OF 1,000 INDIVIDUALS OR 5% OF THE COMMUNITY SERVED BY THE HOSPITAL SPEAKS SPANISH AS A PRIMARY LANGUAGE. THE HOSPITAL DID NOT TRANSLATE THE FINANCIAL ASSISTANCE POLICY, PLAIN LANGUAGE SUMMARY OR FINANCIAL ASSISTANCE APPLICATION INTO SPANISH.

CAUSE OF THE FAILURE: THE HOSPITAL FACILITY DID NOT REALIZE THE FAP, PLAIN LANGUAGE SUMMARY, AND APPLICATION WERE REQUIRED TO BE TRANSLATED.

**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.

THE FACILITY USES AN INTERPRETER TELEPHONE SERVICE THAT ALLOWS FOR INTERPRETATION IN 200 LANGUAGES AND DIALECTS, INCLUDING SPANISH. THIS SERVICE CAN BE USED BY LIMITED ENGLISH PROFICIENCY (LEP) PATIENTS FOR QUESTIONS RELATED TO THE FINANCIAL ASSISTANCE POLICY.

FACILITY OR FACILITIES WHERE THE FAILURE OCCURRED: THE FAILURE OCCURRED IN ALL FACILITIES OPERATED UNDER CHILDREN'S CARE HOSPITAL AND SCHOOL.

THE DATE(S) OF THE FAILURE AND ITS DISCOVERY: MAY 4, 2018

THE NUMBER OF OCCURRENCES: UNKNOWN

**DESCRIPTION OF THE CORRECTION OF THE FAILURE**

METHOD OF CORRECTION: THE FINANCIAL ASSISTANCE POLICY, PLAIN LANGUAGE SUMMARY, AND APPLICATION ARE IN THE PROCESS OF BEING TRANSLATED INTO SPANISH. THE DOCUMENTS WILL BE MADE AVAILABLE AT EACH FACILITY AND ON THE WEBSITE.

DATE OF CORRECTION: NO LATER THAN MAY 31, 2018

**DESCRIPTION OF THE PRACTICES OR PROCEDURES PUT INTO PLACE**

**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.

THE FINANCIAL ASSISTANCE POLICY, PLAIN LANGUAGE SUMMARY AND APPLICATION  
 WILL BE TRANSLATED INTO SPANISH AND POSTED ON THE WEBSITE AT  
[HTTPS://WWW.LIFESCAPESD.ORG/BILLING\\_COLLECTIONS\\_FINANCIAL\\_ASSISTANCE.](https://www.lifescapesd.org/billing_collections_financial_assistance)  
 THE TRANSLATED DOCUMENTS WILL ALSO AVAILABLE AT EACH FACILITY.

PART VI, LINE 2:

CCHS RELIES ON ITS BOARD MEMBERS AND BOARD MEMBERS OF LIFESCAPE FOUNDATION  
 WHO REPRESENT ALL REGIONS OF THE STATE, ITS MEDICAL STAFF, AND SCHOOL  
 DISTRICTS WHOSE STUDENTS IT SERVES TO HELP ADVISE OF HEALTH CARE NEEDS OF  
 THEIR RESPECTIVE COMMUNITIES. CCHS ALSO CONDUCTS REGULAR MEETINGS WITH  
 PARENTS AND PATIENTS TO HELP ASSESS THE HEALTH CARE NEEDS OF THE  
 COMMUNITIES IT SERVES.

PART VI, LINE 3:

RESIDENTIAL AND INPATIENT SERVICES ARE ALWAYS PRE-AUTHORIZED BY A THIRD  
 PARTY PAYER AND ANY PATIENT RESPONSIBILITY IS DISCUSSED WITH THE  
 RESIDENT'S GUARANTOR UPON ADMISSION. FINANCIAL COUNSELING IS AVAILABLE FOR

**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.

OUTPATIENT SERVICES. THIS STARTS WITH CCHS VERIFYING THAT PATIENT'S INSURANCE IS EFFECTIVE AND CONTACTING INSURANCE WITH DIAGNOSIS AND PROCEDURE CODES TO CHECK COVERAGE. NEXT, THE PARENT/GUARANTOR IS CONTACTED TO INFORM THEM OF THE APPROXIMATE AMOUNT FOR WHICH THEY'LL BE FINANCIALLY RESPONSIBLE. THEY ARE ASKED TO SIGN A PRIVATE PAY AGREEMENT BEFORE SERVICES ARE PROVIDED.

PART VI, LINE 4:

CCHS SERVES APPROXIMATELY 2,500 CHILDREN AND THEIR FAMILIES IN 63 COUNTIES THROUGHOUT SOUTH DAKOTA EVERY YEAR. ADDITIONAL CHILDREN AND FAMILIES ARE SERVED THROUGHOUT NORTHWEST IOWA, SOUTHWEST MINNESOTA, NEBRASKA, WYOMING AND ALASKA. 68 SOUTH DAKOTA PUBLIC AND TRIBAL SCHOOL DISTRICTS ALSO RELY ON CCHS. CHILDREN FROM 14 PUBLIC OR PRIVATE AGENCIES AND PROGRAMS ARE ALSO SERVED. NO OTHER HOSPITALS IN THE AREA PROVIDE SIMILAR SERVICES.

PART VI, LINE 5:

- ALL CCHS GOVERNING BODY MEMBERS RESIDE IN DIFFERENT PARTS OF ITS PRIMARY SERVICE AREA IN SOUTH DAKOTA. ALL BOARD MEMBERS ARE INDEPENDENT OF CCHS

**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.

---

AND SERVE IN A VOLUNTEER CAPACITY.

---

- CCHS EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITIES.

---

- CCHS USES SURPLUS FUNDS TO ENHANCE SERVICES TO PATIENTS, FUND BUILDING IMPROVEMENTS OR EXPANSIONS, AND IMPROVE CARE BY PROVIDING ADDITIONAL TRAINING TO STAFF.

---

- CCHS IS THE ONLY PROVIDER IN SOUTH DAKOTA OFFERING 24-HOUR, INTEGRATED MEDICAL, BEHAVIORAL, AND SPECIAL EDUCATION SERVICES FOR CHILDREN AGES BIRTH TO 21. CCHS SERVES FAMILIES AND SCHOOLS WHO ARE UNABLE TO SUPPORT CHILDREN WITH SEVERE BEHAVIORS WHO MAY HARM THEMSELVES OR OTHERS. MEDICAL PROGRAMMING IS PROVIDED TO FILL THE GAP BETWEEN SERVICES PROVIDED IN THE HOME AND SCHOOL DISTRICT AND SERVICES PROVIDED AT ACUTE CARE HOSPITALS.

---

- CCHS HAS SEVERAL CLINICAL AFFILIATION AGREEMENTS WITH SURROUNDING AREA SCHOOLS TO PROVIDE TRAINING EXPERIENCE FOR PHYSICAL, OCCUPATIONAL AND SPEECH THERAPISTS, NURSES AND PSYCHOLOGY STUDENTS.

---

- CCHS PARTICIPATES IN THE MEDICARE PROGRAM, SEVERAL STATE MEDICAID PROGRAMS, AND THE BIRTH TO 3 PROGRAM.

---

- 1,524 VOLUNTEERS ASSISTED WITH ALL ASPECTS OF CCHS OPERATIONS.



**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Open to Public  
Inspection

Name of the organization **CHILDREN'S CARE HOSPITAL AND SCHOOL** Employer identification number **46-0233030**

**Part I General Information on Grants and Assistance**

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of noncash assistance	(h) Purpose of grant or assistance
LIFESCAPE FOUNDATION 2501 WEST 26TH STREET SIOUX FALLS, SD 57105	46-0353254	501(C)(3)	65,892.	0.			GENERAL ASSISTANCE

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 1.

3 Enter total number of other organizations listed in the line 1 table ▶

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

Schedule I (Form 990) (2016)

**Part III** **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

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

**Part IV** **Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

PART I, LINE 2:

LIFESCAPE AMBASSADORS, AN AUXILIARY ORGANIZATION OPERATING UNDER THE  
 FEDERAL TAX IDENTIFICATION NUMBER OF CHILDREN'S CARE HOSPITAL AND SCHOOL,  
 RAISES FUNDS FOR THE BENEFIT OF THE PARENT, LIFESCAPE, AND IT'S RELATED  
 ENTITIES.



**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

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

▶ Attach to Form 990.

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

OMB No. 1545-0047

**2016**

Open to Public Inspection

Name of the organization

**CHILDREN ' S CARE HOSPITAL AND SCHOOL**

Employer identification number

**46-0233030**

**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 type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use    |
| <input 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 type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input 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
<b>1b</b>		
<b>2</b>		
<b>4a</b>		X
<b>4b</b>		X
<b>4c</b>		X
<b>5a</b>		X
<b>5b</b>		X
<b>6a</b>		X
<b>6b</b>		X
<b>7</b>		X
<b>8</b>		X
<b>9</b>		

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) ANNE RIECK MCFARLAND CEO	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	210,120.	0.	1,267.	4,265.	8,520.	224,172.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(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 3:

THE ORGANIZATION RELIED ON A RELATED PARTY, LIFESCAPE, TO DETERMINE  
COMPENSATION FOR THE CEO AND CFO. LIFESCAPE USES THE METHODS LISTED IN PART  
I, LINE 3 TO DETERMINE COMPENSATION.

**Supplemental Information on Tax-Exempt Bonds**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**

▶ **Attach to Form 990.** ▶ **Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

Name of the organization: **CHILDREN'S CARE HOSPITAL AND SCHOOL** Employer identification number: **46-0233030**

Part I	Bond Issues	SEE PART VI FOR COLUMNS (A) AND (F) CONTINUATIONS												
		(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing		
								Yes	No	Yes	No	Yes	No	
	A	SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES	46-0315509	83755VLQ5	03/29/07	8,705,000.	DEFEASANCE OF BONDS ISSUED NOVE		X		X			X
	B													
	C													
	D													

Part II	Proceeds								
		A		B		C		D	
1	Amount of bonds retired	2,670,000.							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	8,859,230.							
4	Gross proceeds in reserve funds	640,612.							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	177,184.							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	8,043,636.							
12	Other unspent proceeds								
13	Year of substantial completion	2007							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?	X							
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III	Private Business Use								
		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

**Part III Private Business Use** (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property? .....		X						
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? .....								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property? .....		X						
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? .....								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government .....		.00 %		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government .....		.00 %		%		%		%
<b>6</b> Total of lines 4 and 5 .....		.00 %		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test? .....		X						
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued? .....		X						
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of .....		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? .....								
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2? .....		X						

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate? .....		X						
<b>2</b> If "No" to line 1, did the following apply? .....								
<b>a</b> Rebate not due yet? .....		X						
<b>b</b> Exception to rebate? .....		X						
<b>c</b> No rebate due? .....	X							
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed .....								
<b>3</b> Is the bond issue a variable rate issue? .....		X						
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? .....		X						
<b>b</b> Name of provider .....								
<b>c</b> Term of hedge .....								
<b>d</b> Was the hedge superintegrated? .....								
<b>e</b> Was the hedge terminated? .....								

**Part IV Arbitrage** (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X						
7 Has the organization established written procedures to monitor the requirements of section 148?		X						

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation isn't available under applicable regulations?		X						

**Part VI Supplemental Information.** Provide additional information for responses to questions on Schedule K. See instructions

**SCHEDULE K, PART I, BOND ISSUES:**

(A) ISSUER NAME: SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(F) DESCRIPTION OF PURPOSE: DEFEASANCE OF BONDS ISSUED NOVEMBER 1, 1999

**SCHEDULE K, PART IV, ARBITRAGE, LINE 2C:**

(A) ISSUER NAME: SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

DATE THE REBATE COMPUTATION WAS PERFORMED: 03/29/2013

**SCHEDULE K, PART II**

THE DIFFERENCE BETWEEN THE TOTAL PROCEEDS OF ISSUE ON PART II LINE 3 AND THE ISSUE PRICE ON PART I LINE A COLUMN (E) OF \$154,230 REPRESENTS THE NET ORIGINAL ISSUE PREMIUM ON THE 2007 BOND.

**SCHEDULE K, PART IV, LINE 7**

MANAGEMENT IS AWARE OF THE PROVISIONS IN THE BOND DOCUMENTS FOR MONITORING ARBITRAGE, AND THE CFO MONITORS FOR COMPLIANCE.

**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](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Open to Public  
Inspection

Name of the organization

CHILDREN'S CARE HOSPITAL AND SCHOOL

Employer identification number

46-0233030

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

SERVICE, AND FULL AUTISM EVALUATIONS ARE PROVIDED BY OUR

MULTIDISCIPLINARY AUTISM EVALUATION TEAM, LED BY A PEDIATRIC

PSYCHIATRIST. THE TEAM (TONE EVALUATION AND MANAGEMENT) CLINIC FOR

CHILDREN WITH CEREBRAL PALSY IS PHYSICIAN-LED. OUTREACH PROVIDES

SERVICES TO CHILDREN IN THEIR OWN ENVIRONMENT-THEIR HOME, SCHOOL, OR

DAYCARE CENTER. PROFESSIONALS FROM SIOUX FALLS AND RAPID CITY DROVE

OVER 220,000 MILES DURING THE FISCAL YEAR ACROSS SOUTH DAKOTA PROVIDING

SERVICES TO CHILDREN, INCLUDING PHYSICAL, OCCUPATIONAL, AND SPEECH

THERAPY, AND CONSULTATION IN SCHOOL PSYCHOLOGY AND SPECIAL EDUCATION.

LIFESCAPE ABLEKIDS IN SIOUX CITY (ACQUIRED AUGUST 1, 2016) PROVIDES

OCCUPATIONAL THERAPY, PHYSICAL THERAPY, AND SPEECH-LANGUAGE THERAPY FOR

CHILDREN IN THE SIOUX CITY AREA. A MONTHLY ORTHOTICS CLINIC FOR

CHILDREN AND ADULTS, WITH STAFF FROM SIOUX FALLS, IS ALSO HELD AT THE

ABLEKIDS SITE. DIAGNOSES TREATED INCLUDE DEVELOPMENTAL DELAYS AND

DISABILITIES; ORTHOPEDIC AND NEUROLOGICAL CONDITIONS; AUTISM SPECTRUM

DISORDERS; PEDIATRIC INCONTINENCE OF BOWEL AND/OR BLADDER (OVER AGE 4);

SENSORY PROCESSING DISORDERS; TORTICOLLIS AND PLAGIOCEPHALY; AND

FEEDING AND SWALLOWING DIFFICULTIES, INCLUDING PICKY EATERS.

RESIDENTIAL, INPATIENT AND DAY PROGRAMS IN SIOUX FALLS, SD SERVED 152

CHILDREN. CHILDREN WERE MOSTLY FROM SOUTH DAKOTA, WITH CHILDREN FROM

MINNESOTA, IOWA, AND ALASKA ALSO SERVED. SERVICES INCLUDE THERAPIES

(PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH-LANGUAGE PATHOLOGY,

RESPIRATORY THERAPY, MUSIC THERAPY, AND BEHAVIOR THERAPY), NURSING

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

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

Name of the organization CHILDREN'S CARE HOSPITAL AND SCHOOL	Employer identification number 46-0233030
---	--

CARE, PSYCHOLOGY, AND SPECIAL EDUCATION. SPECIAL EDUCATION IS OFFERED THROUGH CLASSROOMS FOR CHILDREN OF DIFFERENT AGES AND VARIOUS DIAGNOSES. STUDENTS INCLUDE THOSE IN RESIDENCE AT LIFESCAPE PLUS DAY STUDENTS. BESIDES TEACHERS, OTHER PROFESSIONALS OFFERING SERVICES INCLUDE CASE MANAGERS, SOCIAL WORKERS, DIETITIANS, SCHOOL PSYCHOLOGISTS, BEHAVIOR ANALYSTS, AND BEHAVIOR THERAPISTS. LIFESCAPE EMPLOYS FIVE BOARD CERTIFIED BEHAVIOR ANALYSTS. AVERAGE DAILY CENSUS FOR 2016-2017 WAS 9.0 FOR SPECIALTY HOSPITAL, 49.8 FOR RESIDENTIAL, AND 41.3 FOR DAY PROGRAMS. THE EXTENDED SCHOOL YEAR (ESY) PROGRAM OFFERS SUMMER SCHOOL FOR CHILDREN WHO NEED YEAR ROUND SCHOOLING, BUT WHOSE SCHOOL DISTRICTS DO NOT OFFER THAT SERVICE.

FORM 990, PART VI, SECTION A, LINE 1:

THE EXECUTIVE COMMITTEE IS COMPRISED OF THE CHAIR, VICE CHAIR, SECRETARY, TREASURER, IMMEDIATE PAST CHAIR, CHIEF EXECUTIVE OFFICER, AND ONE DIRECTOR. THE COMMITTEE CAN ACT ON BEHALF OF THE BOARD BETWEEN BOARD MEETINGS. ALL ACTIONS TAKEN BY THE EXECUTIVE COMMITTEE MUST BE RATIFIED BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION A, LINE 2:

ANNE MCFARLAND HAS A BUSINESS RELATIONSHIP WITH PATTY PETERS, GAYLE VERHEY, JOHN ROZELL, JEFF HAZARD, JACK HOPKINS, P. DANIEL DONOHUE, JOE HENKIN, MOLLY MCCARTHY, JON SODERHOLM, LARRY FENTON, MARK STERNHAGEN, CLAUDIA VUCUREVICH, TERRI GRABLANDER, MARLI SCHIPPERS, CURT HOHMAN, AND JEFF NELSON. THE BUSINESS RELATIONSHIP EXISTS BECAUSE ANNE MCFARLAND WAS PAID BY LIFESCAPE FROM 7/1/16 THROUGH 6/30/17. PERSONS LISTED AS HAVING A BUSINESS RELATIONSHIP WITH HER SERVE ON THE BOARD OF LIFESCAPE.



Name of the organization CHILDREN'S CARE HOSPITAL AND SCHOOL	Employer identification number 46-0233030
---	--

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

THE SOLE MEMBER OF THE ORGANIZATION IS LIFESCAPE, A SOUTH DAKOTA  
NON-PROFIT, EXEMPT UNDER INTERNAL REVENUE CODE 501(C)(3).

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

THE DIRECTORS SHALL BE ELECTED BY THE MEMBER AND SHALL BE THE SAME PERSONS  
WHO SERVE AS THE DIRECTORS OF THE MEMBER.

FORM 990, PART VI, SECTION B, LINE 11B:

THE 990 IS REVIEWED BY THE CHIEF FINANCIAL OFFICER AND A FINAL COPY OF THE  
990 IS SHARED WITH THE BOARD OF DIRECTORS.

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

LIFESCAPE HAS A CONFLICT OF INTEREST POLICY THAT IS SIGNED ANNUALLY BY EACH  
MEMBER OF THE BOARD OF DIRECTORS. IN ADDITION, A CONFLICT LETTER IS SENT TO  
ALL BOARD MEMBERS AND SENIOR LEADERS OF LIFESCAPE TO COMPLETE AND TO  
DISCLOSE ANY POTENTIAL CONFLICTS.

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

THE CEO AND CFO OF CCHS ARE COMPENSATED BY LIFESCAPE, A RELATED  
ORGANIZATION.

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

DOCUMENTS AVAILABLE UPON REQUEST.

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

INTERCOMPANY TRANSFERS -1,900,479.

**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](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Open to Public Inspection

Name of the organization **CHILDREN'S CARE HOSPITAL AND SCHOOL** Employer identification number **46-0233030**

**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
LIFESCAPE - 46-5151247 4100 S WESTERN AVE SIOUX FALLS, SD 57105	ASSIST CHILDREN'S CARE HOSPITAL & SCHOOL AND SD ACHIEVE	SOUTH DAKOTA	501(C)(3)	LINE 12A, I	N/A		X
SOUTH DAKOTA ACHIEVE DBA LIFESCAPE - 23-7072116, 4100 S WESTERN AVE, SIOUX FALLS, SD 57105	PROVIDE SUPPORT SERVICES TO PEOPLE WITH DEVELOPMENTAL DISABILITIES	SOUTH DAKOTA	501(C)(3)	LINE 2	LIFESCAPE		X
LIFESCAPE FOUNDATION - 46-0353254 2501 WEST 26TH STREET SIOUX FALLS, SD 57105	SUPPORT PROGRAMS & SERVICES OF LIFESCAPE ENTITIES	SOUTH DAKOTA	501(C)(3)	LINE 12A, I	LIFESCAPE		X
SIOUX RESIDENTIAL SERVICES INC - AKA HARVEST APARTMENTS - 46-0378935, 4100 S WESTERN AVE, SIOUX FALLS, SD 57105	HUD PROPERTY FOR INDIVIDUALS SUPPORTED BY SDA	SOUTH DAKOTA	501(C)(3)	LINE 10	SOUTH DAKOTA ACHIEVE DBA LIFESCAPE		X

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

Schedule R (Form 990) 2016



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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
BEACON APARTMENTS LIMITED PARTNERSHIP - 47-1232136, 4100 S WESTERN AVE, SIOUX FALLS, SD 57105	LOW INCOME HOUSING	SD	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
REHABILITATION MEDICAL SUPPLY - 41-1936988 1020 W 18TH ST SIOUX FALLS, SD 57104	SALES & SERVICE OF DURABLE MEDICAL EQUIPMENT, ORTHOTICS,	SD	CHILDREN'S CARE HOSPITAL AND SCHOOL	C CORP	2,170,940.	1,318,426.	100.00%	X	

**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
<b>1</b> 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?		
<b>a</b> Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity .....		X
<b>b</b> Gift, grant, or capital contribution to related organization(s) .....		X
<b>c</b> Gift, grant, or capital contribution from related organization(s) .....	X	
<b>d</b> Loans or loan guarantees to or for related organization(s) .....	X	
<b>e</b> Loans or loan guarantees by related organization(s) .....	X	
<b>f</b> Dividends from related organization(s) .....		X
<b>g</b> Sale of assets to related organization(s) .....		X
<b>h</b> Purchase of assets from related organization(s) .....		X
<b>i</b> Exchange of assets with related organization(s) .....		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) .....		X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) .....		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) .....		X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) .....	X	
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) .....		X
<b>o</b> Sharing of paid employees with related organization(s) .....	X	
<b>p</b> Reimbursement paid to related organization(s) for expenses .....	X	
<b>q</b> Reimbursement paid by related organization(s) for expenses .....	X	
<b>r</b> Other transfer of cash or property to related organization(s) .....		X
<b>s</b> 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) REHABILITATION MEDICAL SUPPLY	Q	2,602,458.FMV	
(2)			
(3)			
(4)			
(5)			
(6)			



**Part VII Supplemental Information.**

Provide additional information for responses to questions on Schedule R. See instructions.

**PART IV, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS CORP OR TRUST:**

NAME OF RELATED ORGANIZATION:

REHABILITATION MEDICAL SUPPLY

PRIMARY ACTIVITY: SALES & SERVICE OF DURABLE MEDICAL EQUIPMENT, ORTHOTICS,  
& PROSTHETICS



Consolidated Financial Statements  
Years Ended June 30, 2017 and 2016  
**LifeScape**



Independent Auditor’s Report.....	1
Consolidated Financial Statements	
Consolidated Balance Sheets .....	3
Consolidated Statements of Operations .....	4
Consolidated Statements of Changes in Net Assets.....	5
Consolidated Statements of Cash Flows .....	6
Notes to Consolidated Financial Statements.....	8
Independent Auditor’s Report on Supplementary Information .....	29
Consolidating Supplementary Information	
Consolidating Balance Sheets .....	30
Consolidating Statements of Operations.....	32
Consolidating Statements of Changes in Net Assets .....	33



## Independent Auditor's Report

The Board of Directors  
LifeScope  
Sioux Falls, South Dakota

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of LifeScope, which comprise the consolidated balance sheets as of June 30, 2017 and 2016 and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LifeScape as of June 30, 2017 and 2016, and the consolidated results of its operations, changes in net assets, and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota  
September 25, 2017

(This page left blank intentionally.)

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 548,075	\$ 2,003,913
Assets limited as to use	401,856	384,229
Receivables		
Patient and resident, net of estimated uncollectibles	6,615,818	6,236,682
Accounts receivable, net of estimated uncollectibles	2,170,508	2,015,765
Promises to give, net	75,880	144,850
Other	697,561	611,766
Supplies	323,007	296,399
Prepaid expenses	153,228	85,703
Total current assets	<u>10,985,933</u>	<u>11,779,307</u>
Assets Limited as to Use		
Under indenture agreements	888,301	882,454
By Board for capital improvements and debt redemption	8,947,555	8,587,750
Donor restricted investments	8,659,668	7,743,213
Beneficial interest in remainder trusts	3,351,166	3,250,767
Beneficial interest in perpetual trusts	401,827	402,308
Total assets limited as to use	<u>22,248,517</u>	<u>20,866,492</u>
Investments	<u>53,876,771</u>	<u>48,275,079</u>
Property and Equipment, Net	<u>16,296,222</u>	<u>17,626,828</u>
Other Assets		
Goodwill	42,830	-
Intangible assets, net	57,778	-
Other	224,691	168,266
Total other assets	<u>325,299</u>	<u>168,266</u>
Total assets	<u>\$ 103,732,742</u>	<u>\$ 98,715,972</u>

See Notes to Consolidated Financial Statements

LifeScape  
Consolidated Balance Sheets  
June 30, 2017 and 2016

	2017	2016
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 723,654	\$ 713,492
Checks issued in excess of bank balance	384,775	-
Line of credit	267,702	887,923
Accounts payable		
Trade	837,471	832,231
Insurance loss liabilities	535,005	465,289
Annuities payable	147,413	150,816
Accrued expenses		
Salaries and wages	718,267	2,012,338
Vacation	1,388,972	1,397,212
Interest	58,543	62,405
Deferred revenue	53,772	40,000
Payroll taxes and other	150,569	251,202
	<u>5,266,143</u>	<u>6,812,908</u>
<b>Long-term Liabilities</b>		
Long-term debt, net of debt issuance costs of \$82,560 and \$90,560 in 2017 and 2016, less current portion	7,924,891	8,647,302
Deferred compensation	393,109	324,020
	<u>8,318,000</u>	<u>8,971,322</u>
<b>Total liabilities</b>	<u>13,584,143</u>	<u>15,784,230</u>
<b>Net Assets</b>		
<b>Unrestricted</b>		
Controlling interest	74,714,161	68,729,882
Non-controlling interest	1,192,056	1,268,827
	<u>75,906,217</u>	<u>69,998,709</u>
Temporarily restricted	4,702,746	4,681,573
Permanently restricted	9,539,636	8,251,460
	<u>90,148,599</u>	<u>82,931,742</u>
<b>Total liabilities and net assets</b>	<u>\$ 103,732,742</u>	<u>\$ 98,715,972</u>

LifeScope  
Consolidated Statements of Operations  
Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 28,939,324	\$ 27,306,043
Provision for bad debts	(110,400)	(117,877)
Net patient service revenue less provision for bad debts	28,828,924	27,188,166
Program service fees	24,109,441	23,641,900
Contributions and bequests	646,061	586,861
Other revenue	1,958,427	2,065,972
Net assets released from restrictions for operations	894,789	669,441
Total revenues, gains, and other support	56,437,642	54,152,340
Expenses		
Salaries	37,991,818	36,325,584
Employee benefits and payroll taxes	8,115,666	7,813,571
Contract labor	1,029,694	904,389
Professional and contract services	943,560	1,044,826
Supplies	4,001,835	4,163,524
Occupancy	1,930,477	1,898,335
Travel and transportation	549,057	481,187
Repairs and maintenance	480,217	620,467
Provider and sales tax	529,375	558,720
Insurance	406,992	375,505
Contributions	166,061	76,600
Interest	528,623	565,503
Depreciation and amortization	2,317,523	2,317,091
Other	456,589	416,472
Total expenses	59,447,487	57,561,774
Operating Loss	(3,009,845)	(3,409,434)
Other Income (Expense)		
Investment income	2,439,249	2,748,259
Loss on disposal of equipment	(22,301)	(16,394)
Other income, net	2,416,948	2,731,865
Expenses in Excess of Revenues	(592,897)	(677,569)
Change in Unrealized Gains and Losses on Investments	6,461,763	(2,179,060)
Equity Investment from Non-controlling Interest	-	1,388,928
Contributions Restricted for Capital Purposes	38,642	-
Change in Unrestricted Net Assets	\$ 5,907,508	\$ (1,467,701)

LifeScape  
Consolidated Statements of Changes in Net Assets  
Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Expenses in excess of revenues	\$ (592,897)	\$ (677,569)
Change in unrealized gains and losses on investments	6,461,763	(2,179,060)
Equity investment from non-controlling interest	-	1,388,928
Contributions restricted for capital purposes	38,642	-
Change in unrestricted net assets	5,907,508	(1,467,701)
Temporarily Restricted Net Assets		
Contributions and grants for specific purposes	815,564	944,239
Change in split interest agreements	100,398	483,242
Net assets released from restrictions	(894,789)	(664,504)
Change in temporarily restricted net assets	21,173	762,977
Permanently Restricted Net Assets		
Net assets released from restriction	-	(4,937)
Change in split interest agreements	(480)	(20,580)
Contributions for endowment funds	1,288,656	178,121
Change in permanently restricted net assets	1,288,176	152,604
Change in Net Assets	7,216,857	(552,120)
Net Assets, Beginning of Year	82,931,742	83,483,862
Net Assets, End of Year	\$ 90,148,599	\$ 82,931,742



LifeScope  
Consolidated Statements of Cash Flows  
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Activities		
Change in net assets	\$ 7,216,857	\$ (552,120)
Adjustments to reconcile change in net assets to cash from operating activities		
Provision for bad debts	110,400	117,877
Depreciation and amortization	2,317,523	2,317,091
Net realized and unrealized (gain) loss on investments	(7,384,690)	905,428
Loss on disposal of property and equipment	22,301	16,394
Change in beneficial interest in remainder trusts	(100,399)	(483,242)
Change in beneficial interest in perpetual trusts	481	20,580
Equity investment from non-controlling interest	-	(1,388,928)
Contributions restricted by donors	(2,104,220)	(1,122,360)
Interest expense attributable to amortization of debt issuance costs	8,091	8,901
Changes in assets and liabilities		
Receivables	(661,104)	(1,211,705)
Supplies	(26,608)	37,627
Prepaid expenses and other assets	(123,950)	24,077
Accounts payable	74,956	(134,975)
Annuities payable	(3,403)	(33,682)
Accrued expenses	(1,393,034)	4,763
Deferred compensation	69,089	23,689
Net Cash used for Operating Activities	<u>(1,977,710)</u>	<u>(1,450,585)</u>
Investing Activities		
Purchase of property and equipment	(959,826)	(1,709,033)
Proceeds from disposal of property and equipment	-	16,458
Purchase of investments and assets limited as to use	(14,828,880)	(9,483,294)
Sales and maturities of investments and assets limited as to use	15,312,144	9,930,754
Cash paid for acquisition of pediatric therapy facility	(150,000)	-
Change in interest in low income housing	-	13,052
Net Cash used for Investing Activities	<u>(626,562)</u>	<u>(1,232,063)</u>
Financing Activities		
Equity investment from non-controlling interest	-	1,388,928
Contributions restricted by donors	2,104,220	1,122,360
Change in line of credit	(620,221)	887,923
Cash overdraft	384,775	-
Proceeds from issuance of long-term debt	-	33,991
Principal payments on long-term debt	(720,340)	(1,925,228)
Net Cash from Financing Activities	<u>1,148,434</u>	<u>1,507,974</u>
Net Change in Cash and Cash Equivalents	(1,455,838)	(1,174,674)
Cash and Cash Equivalents, Beginning of Year	2,003,913	3,178,587
Cash and Cash Equivalents, End of Year	<u>\$ 548,075</u>	<u>\$ 2,003,913</u>

LifeScape  
Consolidated Statements of Cash Flows  
Years Ended June 30, 2017 and 2016

---

	<u>2017</u>	<u>2016</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 524,394</u>	<u>\$ 558,263</u>
Acquisition of pediatric therapy facility		
Property and equipment	\$ 37,170	
Goodwill	42,830	
Other intangible assets	<u>70,000</u>	
Cash paid	<u>\$ 150,000</u>	

**Note 1 - Summary of Significant Accounting Policies**

**Organization**

LifeScape (the Organization) is a non-profit corporation that was established through the affiliation of South Dakota Achieve and Children’s Care Hospital and School (both non-profit corporations). LifeScape offers support for all individuals with disabilities by offering a large range of programs and services to empower children and adults with disabilities to lead fulfilling lives.

**Principles of Consolidation**

The consolidated financial statements include the accounts of LifeScape, South Dakota Achieve, Children’s Care Hospital and School, LifeScape Foundation, Rehabilitation Medical Supply, Sioux Residential Services, Inc., Horizon Apartments, Hospitality Apartments, and Beacon Apartments Limited Partnership. All significant intercompany accounts and transactions have been eliminated.

Beacon Apartments Limited Partnership was formed as a limited partnership between South Dakota Achieve and Midwest Housing Equity Group, Inc. to acquire an interest in property located in Sioux Falls, South Dakota, and to construct and operate housing complexes for persons of low or moderate income. The Partnership consists of South Dakota Achieve as the .01% general partner and Midwest Housing Equity Group, Inc. as the 99.99% limited partner. South Dakota Achieve is the managing member and makes all management decisions. A reconciliation of the non-controlling interest is as follows:

	2017	2016
Non-controlling interest - beginning of year	\$ 1,268,827	\$ (21,082)
Equity investment from non-controlling interest	-	1,388,928
Expenses in excess of revenues	(76,771)	(99,019)
Non-controlling interest - end of year	\$ 1,192,056	\$ 1,268,827

**Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

**Patient and Resident Receivables**

Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient and resident receivables are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Organization's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed during the period. The Organization does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors. Patient and resident receivables are shown net of estimated uncollectibles of approximately \$604,000 and \$700,000 as of June 30, 2017 and 2016.

### **Receivables and Credit Policies**

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Trade receivables are stated at the amount billed to the customer. Customer account balances with invoices dated over 60 days old are considered delinquent. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The carrying amount of trade receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews all trade receivable balances that exceed 90 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Accounts receivable is shown net of the allowance for bad debts of \$19,000 as of June 30, 2017 and 2016.

Promises to give are recognized as assets and support when the donor's unconditional promise to give are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### **Supplies**

Supplies are stated at lower of cost (first-in, first-out) or market.

### **Investments and Investment Income**

Investment purchases are recorded at cost or if donated at fair value on the date of donation. Thereafter, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investments in certificates of deposit that are not publicly traded are recorded at cost plus accrued interest. Cash values of life insurance policies are recorded at cost. Thereafter the cash values are updated based on the policies stated values. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in expenses in excess of revenues unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities. Endowment earnings appropriated for spending and spent in the same year as they are earned are recorded in unrestricted net assets on the accompanying consolidated statements of operations.

### **Fair Value Measurements**

The Organization has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which defines a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

### **Assets Limited as to Use**

Assets limited as to use include assets set aside by the Organization's Board of Directors for future capital improvements and debt redemption, over which the Board retains control and may at its discretion subsequently use for other purposes. This includes assets restricted under indenture agreements; investments restricted by donors; and the Organization's interest in perpetual and remainder trusts maintained by independent trustees. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets in the consolidated balance sheets.

### **Beneficial Interests in Remainder Trusts**

The Organization has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Organization has neither possession nor control over the assets of the trusts. At the date the Organization receives notice of a beneficial interest, a temporarily restricted contribution is recorded in the consolidated statements of changes in net assets, and a beneficial interest in remainder trusts is recorded in the consolidated balance sheets at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trust are reported at fair value in the consolidated balance sheets, with trust distributions and changes in fair value recognized in the consolidated statements of operations and the consolidated statements of changes in net assets. Upon receipt of trust distributions and/or expenditures in satisfaction of the restricted purpose stipulated by the donor, if any, temporarily restricted net assets are released to unrestricted net assets.

### **Beneficial Interests in Perpetual Trusts**

The Organization has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to the Organization; however, the Organization will never receive the assets of the trusts. At the date that a notice of a beneficial interest is received, a permanently restricted contribution is recorded in the consolidated statements of changes in net assets, and a beneficial interest in perpetual trust is recorded in the consolidated balance sheets at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated balance sheets, with trust distributions and changes in fair value recognized in the consolidated statements of changes in net assets.

### **Beneficial Interests in Assets Held by Community Foundations**

The Organization has a beneficial interest in several trust funds established directly by donors with the South Dakota Community Foundation and the Sioux Falls Area Community Foundation (Foundations). In donating these funds to the Foundations, donors have granted the governing boards of the Foundations variance power. Variance power gives the Foundations the right to modify the terms of the agreement if, in the judgment of the Foundations' Boards of Trustees, the restrictions and conditions of the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. All contributions are irrevocable gifts to the Foundations. Earnings are to be distributed annually. The Organization recognized contribution revenue of \$48,155 and \$47,276 in the 2017 and 2016 consolidated statements of operations as distributions from the Foundations were received. As of June 30, 2017 and 2016, the Organization had a beneficial interest of \$1,293,588 and \$1,234,365 made up of gifts made directly to the Foundations and related accumulated investment earnings. This beneficial interest, in accordance with generally accepted accounting principles, is not reported as an asset in the accompanying consolidated balance sheets.

## Property and Equipment

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization in the financial statements. The estimated useful lives of property and equipment are as follows:

Land improvements	5-20 years
Buildings and fixed equipment	5-69 years
Major movable equipment	3-25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from expenses in excess of revenues, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

## Impairment of Long-Lived Assets

The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the year ended June 30, 2017.

## Intangibles

Intangible assets consist of patient records, non-compete agreements, and other identifiable intangibles associated with business combinations. Intangible assets are amortized over their estimated economic life of 3 years. Intangible assets are considered annually for indicators of impairment. There was no impairment loss recognized for the years ended June 30, 2017 and 2016.

## Goodwill

Goodwill represents costs in excess of purchase price over the fair value of the assets of business acquired, including other identifiable intangible costs.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of June 30, 2017, the carrying value of the Organization's goodwill was not considered impaired.

## **Income Taxes**

LifeScape and most of its affiliated organizations are organized as South Dakota nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). These Organizations are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Together these Organizations have determined that they are not subject to unrelated business income tax and have not filed an exempt organization business income tax return (Form 990T) with the IRS. Rehabilitation Medical Supply is a taxable organization and is subject to Federal income taxes.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

## **Annuities Payable**

The Organization has entered into gift annuity agreements, which provide that the Organization shall pay periodic amounts to designated beneficiaries until their death. The payments continue even if the assets gifted or acquired as a result of the gift have been exhausted. The Organization recorded these gifts at market value with a corresponding liability recorded for the present value of payments to be made to the designated beneficiaries. Upon the death of the beneficiaries, the remaining assets are held or disposed of in accordance with the annuity agreements.

## **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those assets whose use by the Organization has been limited by donors to a specific time period or purpose and term endowment funds that are maintained and managed by independent trustees outside the control of the Organization. The endowment fund assets will become available to the Organization upon occurrence of a specified event, and accordingly are held as temporarily restricted net assets due to the time restrictions on the use of the assets.

Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. Income earned from these assets is to be used to support programs operated by LifeScape or as otherwise directed by the donor. Permanently restricted net assets also include the Organization's interest in trusts that are managed and maintained by independent trustees outside the control of the Organization.



### **Debt Issuance Costs**

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method which is a reasonable estimate of the effective interest method. Debt issuance costs are included within long-term debt on the balance sheet. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

### **Contributions**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence or nature of donor restrictions.

Unrestricted contributions received from donors are recorded in unrestricted net assets on the accompanying consolidated statements of operations. Contributions containing donor restrictions are recorded in unrestricted net assets if restrictions are satisfied in the same year that the contribution is received. Otherwise, donor restricted contributions are reported as an increase in temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at respective fair values of the services received.

### **Expenses in Excess of Revenues**

Expenses in excess of revenues excludes unrealized gains and losses on investments other than trading securities, changes in net assets attributable to noncontrolling interests and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

### **Net Patient Service Revenue**

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements primarily include prospectively determined rates, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered.

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients, the Organization recognizes revenue based on its standard rates for services provided, or on the basis of discounted rates, if negotiated or provided by policy. Based on historical experience, a portion of the Organization's uninsured patients and residents will be unable or unwilling to pay for the services provided. Thus, the Organization records a provision for bad debts related to uninsured patients and residents in the period the services are provided.

Patient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. Revenue from Medicaid programs accounted for approximately 57% and 56% of the Organization's net patient and resident service revenue for the years ended June 30, 2017 and 2016.

Net patient service revenue, but before the provision for bad debts, recognized during the years ended June 30, 2017 and 2016 from these major payor sources, is as follows:

	2017	2016
Net patient and resident service revenue		
Medicaid	\$ 16,420,109	\$ 15,358,181
Other third party payors	12,519,215	11,947,862
	\$ 28,939,324	\$ 27,306,043

### **Program Service Revenue**

Program service revenue represents residential services, day services, service coordination, nursing and medical services, vocational training, and employment services provided to adults with disabilities and is recognized when earned.

### **Advertising**

Costs incurred for producing and distributing advertising are expensed as incurred. The Organization incurred \$111,057 and \$149,857 for advertising costs for the years ended June 30, 2017 and 2016.

### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

### **Subsequent Events**

The Organization has evaluated subsequent events through September 25, 2017, the date which the consolidated financial statements were available to be issued.

**Note 2 - Assets Limited as to Use, Investments, and Investment Income**

The composition of assets limited as to use - under indenture agreements and by the Board for capital improvements and debt redemption at June 30, 2017 and 2016, is shown in the following table:

	2017	2016
Under bond indenture agreements - held by trustee		
Cash and cash equivalents	\$ 503,518	\$ 407,546
Certificates of deposit	299,313	438,137
US Government obligations	487,326	421,000
	1,290,157	1,266,683
Less amount shown as current	(401,856)	(384,229)
	\$ 888,301	\$ 882,454
By Board for capital improvements and debt redemption		
Cash and cash equivalents	\$ 387,736	\$ 538,901
Certificates of deposit	374,824	238,686
Corporate bonds	75,000	78,383
US Government obligations	394,595	444,655
Mutual funds - fixed income	3,213,619	2,979,808
Mutual Funds -equity	4,501,781	4,307,317
	\$ 8,947,555	\$ 8,587,750

The composition of assets limited as to use - donor restricted investments and investments at June 30, 2017 and 2016, is shown in the following table.

	2017	2016
Donor restricted investments and investments		
Cash and cash equivalents	\$ 617,505	\$ 379,063
Certificates of deposit	1,010,617	1,249,300
Corporate bonds	1,142,809	575,151
US Government obligations	2,631,542	2,181,130
Municipal bonds	2,509,502	2,215,245
Mutual funds - fixed income	7,429,377	7,416,055
Mutual funds - equity	46,813,034	41,551,794
Cash value of life insurance policies	382,053	450,554
	\$ 62,536,439	\$ 56,018,292

Investment income including gains and losses on cash equivalents, assets limited as to use, and investments consists of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Other income		
Interest and dividend income	\$ 1,516,322	\$ 1,474,627
Realized gains on investments, net	922,927	1,273,632
	\$ 2,439,249	\$ 2,748,259
Other changes in unrestricted net assets		
Change in unrealized gains and losses on investments	\$ 6,461,763	\$ (2,179,060)

Investments in an unrealized loss position as of June 30, 2017 and 2016 is shown in the following table:

	Greater Than 12 Months		Less Than 12 Months	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<u>June 30, 2017</u>				
US Government obligations	\$ 442,736	\$ (27,870)	\$ 2,977,485	\$ (81,928)
Corporate bonds	181,845	(22,306)	101,125	(3,970)
Mutual funds - fixed income	1,783,098	(8,111)	3,721,628	(36,966)
Mutual funds - equity	-	-	65,506	(1,333)
	\$ 2,407,679	\$ (58,287)	\$ 6,865,744	\$ (124,197)
<u>June 30, 2016</u>				
US Government obligations	\$ 247,512	\$ (1,790)	\$ -	\$ -
Corporate bonds	211,992	(45,864)	-	-
Mutual funds - fixed income	1,459,640	(50,917)	-	-
Mutual funds - equity	24,011,238	(2,001,191)	400,325	(41,793)
	\$ 25,930,382	\$ (2,099,762)	\$ 400,325	\$ (41,793)

The unrealized losses on the Organization's investments were primarily the result of market declines consistent with the cyclical nature of the financial markets. The Organization has a diversified portfolio and based on the evaluation of the Organization's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Organization does not consider these investments to be other than temporarily impaired at June 30, 2017 and 2016.

**Note 3 - Fair Value Measurements**

Assets measured on a recurring basis at June 30, 2017 and 2016 are as follows:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2017</u>				
Cash and cash equivalents	\$ 1,148,858	\$ -	\$ 1,148,858	\$ -
Certificates of deposit	1,684,754	-	1,684,754	-
Corporate bonds	1,217,809	-	1,217,809	-
Municipal bonds	2,509,502	-	2,509,502	-
US Government obligations	3,513,463	-	3,513,463	-
Mutual funds - fixed income	10,642,996	10,642,996	-	-
Mutual funds - equity	51,314,815	51,314,815	-	-
Beneficial interest in remainder and perpetual trusts	3,752,993	-	-	3,752,993
	<u>\$ 75,785,190</u>	<u>\$ 61,957,811</u>	<u>\$ 10,074,386</u>	<u>\$ 3,752,993</u>
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2016</u>				
Cash and cash equivalents	\$ 978,300	\$ -	\$ 978,300	\$ -
Certificates of deposit	1,926,123	-	1,926,123	-
Corporate bonds	653,534	-	653,534	-
Municipal bonds	2,215,245	-	2,215,245	-
US Government obligations	3,046,785	-	3,046,785	-
Mutual funds - fixed income	10,395,863	10,395,863	-	-
Mutual funds - equity	45,859,111	45,859,111	-	-
Beneficial interest in remainder and perpetual trusts	3,653,075	-	-	3,653,075
	<u>\$ 68,728,036</u>	<u>\$ 56,254,974</u>	<u>\$ 8,819,987</u>	<u>\$ 3,653,075</u>

The fair value for mutual funds are determined by reference to quoted market prices. The fair value of certificates of deposit, corporate, municipal and government bonds, and cash and cash equivalents are based on level 2 inputs for similar securities with comparable terms. The beneficial interest in trusts is valued by discounting the market values of the underlying assets and the cash flows using the terms of the trust agreements and a risk-adjusted discount rate for the beneficial interest in trusts.

Following is a reconciliation of activity for the years ended June 30, 2017 and 2016 for assets measured at fair value based upon significant unobservable (non-market) information.

	Beneficial Interest Trusts	
	2017	2016
Beginning Balance	\$ 3,653,075	\$ 3,190,413
Adjustments to fair market value - unrealized gains	99,918	462,662
Ending Balance	\$ 3,752,993	\$ 3,653,075

The Organization considers the carrying amount of significant classes of financial instruments on the balance sheets, including cash and cash equivalents, receivables, other assets, accounts payable, and accrued expenses to be reasonable estimates of fair value due to the short-term nature of the items at June 30, 2017 and 2016.

The Organization's fixed rate Series 2007 bonds have a carrying amount that differs from its estimated fair value. The fair value of the Organization's Series 2007 bonds is determined by references to trading activity of the underlying bonds. The fair value of the Series 2007 bonds is \$6,092,367 and \$6,649,512 and the carrying value was \$6,009,026 and \$6,417,372 as of June 30, 2017 and 2016.

The fair value of the capital lease obligations are based on a combination of the stated or implied interest rates and the unsecured borrowing rate available to the Organization at the measurement dates, and approximate their carrying amounts.

The remaining fixed rate long term debt has a carrying amount that also differs from its estimated fair value. The fair value of the Organization's remaining fixed rate long term debt is estimated using a discounted cash flow analysis based on the Organization's effective borrowing rate at respective reporting dates. The fair value of the Organization's remaining fixed rate debt is approximately \$2,582,885 and \$2,868,099 with a carrying value of \$2,435,592 and \$2,676,490 as of June 30, 2017 and 2016.

#### **Note 4 - Property and Equipment**

A summary of property and equipment at June 30, 2017 and 2016 is as follows:

	2017	2016
Land and land improvements	\$ 2,177,839	\$ 2,146,494
Buildings and leasehold improvements	34,040,665	33,579,870
Equipment	13,028,487	13,004,086
	49,246,991	48,730,450
Less accumulated depreciation	(32,950,769)	(31,103,622)
Net property and equipment	\$ 16,296,222	\$ 17,626,828

**Note 5 - Goodwill and Intangible Assets**

Changes in the carrying amount of goodwill during the years ended June 30, 2017 and 2016, were as follows:

	2017	2016
Balance, beginning of year	\$ -	\$ -
Goodwill acquired	42,830	-
	\$ 42,830	\$ -
Balance, end of year	\$ 42,830	\$ -

Intangible assets as of June 30, 2017 and 2016 consist of:

	Cost	Accumulated Amortization	Net
Balance, June 30, 2017			
Trade name	\$ 30,000	\$ -	\$ 30,000
Customer list	20,000	(6,111)	13,889
Non-compete agreement	20,000	(6,111)	13,889
	\$ 70,000	\$ (12,222)	\$ 57,778

Amortization expense for the years ended June 30, 2017 and 2016 was \$12,222 and \$-0-, respectively.

Estimated future amortization expense is as follows:

Years Ending June 30,			
2018			\$ 13,333
2019			13,333
2020			1,112
			\$ 27,778

**Note 6 - Endowments**

The Organization's endowment consists of funds established for the benefit of LifeScape. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The Organization's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original donor restricted endowment fund gift as of the date received absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) changes in the fair value of the beneficial interest in perpetual trusts. The undistributed earnings of the donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Changes in endowment net assets for the years ended June 30, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2017				
Endowment net assets at beginning of year	\$ -	\$ 245,272	\$ 6,565,433	\$ 6,810,705
Contributions	-	-	1,288,656	1,288,656
Net investment income	1,011,200	-	-	1,011,200
Appropriated for distributions	<u>(1,011,200)</u>	<u>-</u>	<u>-</u>	<u>(1,011,200)</u>
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 245,272</u>	<u>\$ 7,854,089</u>	<u>\$ 8,099,361</u>
June 30, 2016				
Endowment net assets at beginning of year	\$ -	\$ 245,272	\$ 6,387,312	\$ 6,632,584
Contributions	-	-	178,121	178,121
Net investment income	42,034	-	-	42,034
Appropriated for distributions	<u>(42,034)</u>	<u>-</u>	<u>-</u>	<u>(42,034)</u>
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 245,272</u>	<u>\$ 6,565,433</u>	<u>\$ 6,810,705</u>



### **Investment and Spending Policies**

The Organization has adopted investment and spending policies that attempt to provide a predictable stream of income for the funding of programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that seeks both preservation of capital and growth of capital on a real return basis. Asset allocation guidelines have been established for the endowment based on liquidity needs and time horizons. The Organization targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve its long-term return objectives within prudent risk constraints

The Organization has a policy for an annual distribution of an amount up to 4% of the average market value of the Foundation's investment account for the trailing 16 quarters. Under special circumstances, the Organization will accept special requests for funding beyond the annual disbursement amount. This policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**Note 7 - Long-Term Debt**

Long-term debt consists of:

	2017	2016
0% note payable, due in annual installments of \$16,500, through July 1, 2020	\$ 49,500	\$ 66,000
9.65% note payable, due in monthly installments of \$3,797 including interest, through November 2021	163,258	191,561
4.25% note payable, due in monthly installments of \$7,335, including interest, through December 2022	419,957	488,272
Unamortized debt issuance costs based on effective interest rate of 5.08%	(12,766)	(15,198)
9.25% note payable, due in monthly installments of \$12,471 including interest, through August 2024	775,539	849,687
9.25% note payable, due in monthly installments of \$5,764 including interest, through December 2026	433,770	461,409
Series 2007, revenue bonds, 4.25% - 4.75% due in varying installments through November 2029	6,035,000	6,370,000
Unamortized bond premium	43,820	47,372
Unamortized debt issuance costs based on effective interest rate of 4.89%	(69,794)	(75,452)
6.25% note payable, due in monthly installments of \$2,345 including interest, through August 2030	270,033	280,660
0.00% note payable, due in varying monthly installments through January 2044	336,301	338,901
Capital lease obligation - Note 9	203,927	357,582
Total long-term debt	8,648,545	9,360,794
Less current maturities	(723,654)	(713,492)
Long-term debt, less current maturities	\$ 7,924,891	\$ 8,647,302

Long-term debt maturities are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 723,654
2019	688,936
2020	677,663
2021	679,758
2022	707,091
Thereafter	5,210,183
	<hr style="width: 100%;"/>
	8,687,285
Unamortized bond premium	43,820
Unamortized debt issuance costs	(82,560)
	<hr style="width: 100%;"/>
	<u>\$ 8,648,545</u>

Substantially all of the Organization's assets are pledged as collateral for the debt obligations.

Under the terms of the series 2007 bond agreement, the Organization is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the consolidated financial statements. Assets that are required for obligations classified as current liabilities are reported in current assets. The loan agreement also places limits on the incurrence of additional borrowings and requires that the Organization satisfy certain measures of financial performance.

**Note 8 - Lines of Credit**

The Organization has a revolving line of credit in the amount of \$2,000,000 which matures on August 25, 2017. Interest on this line of credit is payable monthly at a variable rate which was 4.25% as of June 30, 2017. There were advances of \$267,702 and \$887,923 outstanding on the line of credit as of June 30, 2017 and 2016, respectively. Subsequent to June 30, 2017 the line of credit was renewed through October 26, 2017.

**Note 9 - Leases**

The Organization leases office and storage space under various operating leases, and equipment under various capital leases. Total lease expense for the years ended June 30, 2017 and 2016 for all operating leases was \$523,558 and \$565,895, respectively. Minimum future lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2018	\$ 151,484	\$ 493,122
2019	67,535	513,571
2020	20,740	515,633
2021	-	451,761
2022	-	235,184
Thereafter	-	1,077,517
Total minimum lease payments	239,759	<u>\$ 3,286,788</u>
Less interest	<u>(35,832)</u>	
Present value of minimum lease payments - Note 7	<u>\$ 203,927</u>	

Leased property under capital leases at June 30, 2017 and 2016 includes:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 768,153	\$ 768,153
Less accumulated depreciation	<u>(594,774)</u>	<u>(389,023)</u>
	<u>\$ 173,379</u>	<u>\$ 379,130</u>

**Note 10 - Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Restricted by donors for:		
Beneficial interest in remainder trusts	\$ 3,351,166	\$ 3,250,767
Other programs and services for the benefit of children and adults with disabilities	699,778	742,418
Transportation services	363,256	370,048
Unreleased endowment fund investment income	245,272	245,272
Individuals with housing needs	43,274	73,068
	<u>\$ 4,702,746</u>	<u>\$ 4,681,573</u>

Net assets released from restrictions were as follows during the years ended June 30, 2017 and 2016:

	2017	2016
Adult and Children's projects and programs	\$ 827,175	\$ 611,084
Transportation services	67,614	58,357
	\$ 894,789	\$ 669,441

Permanently restricted net assets at June 30, 2017 and 2016 are as follows:

Community development block grants	\$ 1,266,948	\$ 1,266,948
Investments to be held in perpetuity, the income for which is expendable for the purchase of artwork	16,771	16,771
Investments to be held in perpetuity, the income from which is expendable for the use in LifeScape's operations or otherwise as directed by the donor	8,255,917	6,967,741
	\$ 9,539,636	\$ 8,251,460

Community Development Block Grants are in the form of zero percent loans with mortgages on the property. The grants were used for various construction projects. The total amounts of the grants accumulated through June 30, 2017 and 2016, was \$1,266,947. The grants are refundable upon noncompliance with the intended purpose of the funds, as defined in the agreement, or upon sale of the property. Since the probability of repaying the grants is considered remote, the grants have been recognized as a permanently restricted net assets.

### **Note 11 - Employee Benefit Plans**

On July 1, 2015 the Organization combined the South Dakota Achieve and Children's Care Hospital 401(k) and 403(b) plans into a single 401(k) plan which covers substantially all employees. For those employees that are of age 18 or older and have completed at least one year of service, the Organization makes discretionary matching contributions. Total expense under the 401(k) plan was \$439,498 and \$435,450 for the years ended June 30, 2017 and 2016.

Children's Care Hospital and School employees who hold a teaching certificate and meet plan enrollment qualifications participate in the South Dakota Retirement System, a multiple-employer defined benefit pension plan administrated by the State of South Dakota. The tax ID number for the South Dakota Retirement System plan is 46-6000364 and their plan number is 001. Children's Care Hospital and School contributes less than 5% of the total contributions made to the plan from all employees. As of June 30, 2016 the South Dakota Retirement System had a net position restricted for pension benefits of \$10,513,462,127 and a total actuarial accrued liability of \$10,851,252,302. Total expenses under the plan were \$61,296 and \$56,690 for the years ended June 30, 2017 and 2016, respectively.

**Note 12 - Restricted Assets**

Pursuant to the regulatory and mortgage agreements with the South Dakota Housing and Development Authority and the U.S. Department of Housing and Urban Development, the Organization is required to establish escrow accounts to fund repairs and maintenance expenses, insurance expenses, development costs, and residual receipts. Total restricted assets under these agreements as of June 30, 2017 and 2016, was \$359,901 and \$347,120, respectively.

These regulatory and mortgage agreements also provide for restrictive operating procedures and various loan covenants. As of June 30, 2017 management believes the Organization was in compliance with these agreements.

**Note 13 - Concentrations of Credit Risk**

LifeScape grants credit without collateral to its patients, residents and other customers, most of who are insured under third-party payor agreements. The mix of receivables from third-party payors, patients, residents and other customers at June 30, 2017 and 2016 is as follows:

	2017	2016
Medicaid	62%	67%
Commercial insurance and other	14%	10%
Private pay	12%	13%
Blue Cross	11%	9%
Medicare	1%	1%
	100%	100%

The Organization manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Investments are made by an investment manager whose performance is monitored by management and the Finance Committee of the Board of Directors. Although the fair value of the investments are subject to fluctuation on a year-to-year basis, management and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

**Note 14 - Functional Expenses**

The Organization provides health care, educational, and housing services to children and adults within its geographic location. Expenses related to providing these services are as follows for the years ended June 30, 2017 and 2016:

	2017	2016
Program	\$ 50,991,515	\$ 49,103,593
General and administrative	8,379,930	8,375,141
Fundraising	76,042	83,040
	\$ 59,447,487	\$ 57,561,774

## Note 15 - Commitments and Contingencies

### Malpractice Insurance

The Organization has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured unless tail insurance was purchased for the estimated liability.

### Litigation, Claims and Disputes

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. Management assesses the ultimate settlement of any litigations, claims, and disputes in process in determining whether a liability should be recorded or a disclosure should be presented.

The Organization is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient (and resident) services.

### IT Maintenance and Support

The Organization has entered into an agreement to receive certain information technology support services through August 2019. Payments for services increase annually by a percentage equal to the annual increase in the consumer price index. The estimated minimum future payments for services, are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 221,268
2019	227,906
2020	38,546
	<hr/>
	\$ 487,720
	<hr/> <hr/>

## Note 16 - Business Acquisition

During the year ended June 30, 2017, the Organization closed on a purchase agreement for a pediatric care facility that specializes in occupational, physical, and speech therapy. Accordingly, the results of operations for the acquisitions have been included in the accompanying financial statements from the acquisition date forward.

The aggregate acquisition price for the business combination was \$150,000, which included equipment, goodwill, intangible assets, and operations.



Supplementary Information  
Year Ended June 30, 2017  
**LifeScape**





## Independent Auditor's Report on Supplementary Information

The Board of Directors  
LifeScape  
Sioux Falls, South Dakota

We have audited the consolidated financial statements of LifeScape as of and for the years ended June 30, 2017 and 2016, and our report thereon dated September 25, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 30-33 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Eide Bailly LLP*

Sioux Falls, South Dakota  
September 25, 2017

(This page left blank intentionally.)

	<u>LifeScape</u>	<u>Children's Care Hospital and School</u>	<u>South Dakota Achieve</u>	<u>LifeScape Foundation</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 270,742	\$ 23,416	\$ 2,246	\$ 56,452
Assets limited as to use	-	401,856	-	-
Receivables				
Patient and resident, net	-	5,641,600	-	-
Accounts receivable, net	-	-	2,168,635	-
Promises to give, net	-	-	-	75,880
Other	36	372,056	356,945	204
Supplies	51,468	30,808	56,522	-
Prepaid expenses	83,494	23,847	34,933	1,468
	<u>405,740</u>	<u>6,493,583</u>	<u>2,619,281</u>	<u>134,004</u>
Assets Limited as to Use				
Under indenture agreements	-	528,400	-	-
By Board for capital improvements and debt redemption	-	3,415,999	5,531,556	-
Donor restricted investments	-	-	-	8,659,668
Beneficial interest in remainder trusts	-	-	-	3,351,166
Beneficial interest in perpetual trusts	-	-	-	401,827
	<u>-</u>	<u>3,944,399</u>	<u>5,531,556</u>	<u>12,412,661</u>
Investments	<u>393,109</u>	<u>-</u>	<u>-</u>	<u>53,483,662</u>
Property and Equipment, Net	<u>50,721</u>	<u>8,273,345</u>	<u>4,461,737</u>	<u>392,474</u>
Other Assets				
Interest in low income housing	-	-	218,840	-
Goodwill	-	42,830	-	-
Intangible assets	-	57,778	-	-
Other	-	171,921	37,309	-
	<u>-</u>	<u>272,529</u>	<u>256,149</u>	<u>-</u>
Total other assets	<u>-</u>	<u>272,529</u>	<u>256,149</u>	<u>-</u>
Total assets	<u>\$ 849,570</u>	<u>\$ 18,983,856</u>	<u>\$ 12,868,723</u>	<u>\$ 66,422,801</u>

LifeScape  
Consolidating Balance Sheets  
June 30, 2017

Elimination Entries	Subtotal	Rehabilitation Medical Supply	HUD Projects	Beacon Apartments Limited Partnership	Elimination Entries	Consolidated Totals
\$ -	\$ 352,856	\$ 157,125	\$ 36,649	\$ 1,445	\$ -	\$ 548,075
-	401,856	-	-	-	-	401,856
-	5,641,600	974,218	-	-	-	6,615,818
-	2,168,635	-	1,873	-	-	2,170,508
-	75,880	-	-	-	-	75,880
-	729,241	-	-	6,367	(38,047)	697,561
-	138,798	184,209	-	-	-	323,007
-	143,742	-	8,614	872	-	153,228
-	9,652,608	1,315,552	47,136	8,684	(38,047)	10,985,933
-	528,400	-	345,683	14,218	-	888,301
-	8,947,555	-	-	-	-	8,947,555
-	8,659,668	-	-	-	-	8,659,668
-	3,351,166	-	-	-	-	3,351,166
-	401,827	-	-	-	-	401,827
-	21,888,616	-	345,683	14,218	-	22,248,517
-	53,876,771	-	-	-	-	53,876,771
-	13,178,277	2,874	965,328	2,149,743	-	16,296,222
-	218,840	-	-	-	(218,840)	-
-	42,830	-	-	-	-	42,830
-	57,778	-	-	-	-	57,778
-	209,230	-	-	15,461	-	224,691
-	528,678	-	-	15,461	(218,840)	325,299
\$ -	\$ 99,124,950	\$ 1,318,426	\$ 1,358,147	\$ 2,188,106	\$ (256,887)	\$ 103,732,742

	<u>LifeScape</u>	<u>Children's Care Hospital and School</u>	<u>South Dakota Achieve</u>	<u>LifeScape Foundation</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Current maturities of long-term debt	\$ -	\$ 355,000	\$ 216,689	\$ -
Checks issued in excess of bank balance	-	176,100	208,675	-
Line of credit	-	-	267,702	-
Accounts payable				
Trade	51,668	364,229	145,703	41,640
Insurance loss liabilities	-	362,383	172,622	-
Annuities payable	-	-	-	147,413
Accrued expenses				
Salaries and wages	50,110	246,202	322,172	-
Vacation	234,657	494,736	659,579	-
Interest	-	46,856	-	-
Deferred revenue	-	-	53,772	-
Payroll taxes and other	18,978	67,047	48,268	3,600
Due (to) from affiliates	157,480	(5,400,130)	4,794,220	1,480,485
<b>Total current liabilities</b>	<b>512,893</b>	<b>(3,287,577)</b>	<b>6,889,402</b>	<b>1,673,138</b>
<b>Long-term Liabilities</b>				
Long-term debt, less current maturities	-	5,654,026	443,929	-
Deferred compensation	393,109	-	-	-
<b>Total long-term liabilities</b>	<b>393,109</b>	<b>5,654,026</b>	<b>443,929</b>	<b>-</b>
<b>Total liabilities</b>	<b>906,002</b>	<b>2,366,449</b>	<b>7,333,331</b>	<b>1,673,138</b>
<b>Net Assets</b>				
<b>Unrestricted</b>				
Controlling interest	(56,432)	16,417,890	4,224,196	52,337,002
Non-controlling interest	-	-	-	-
<b>Total unrestricted net assets</b>	<b>(56,432)</b>	<b>16,417,890</b>	<b>4,224,196</b>	<b>52,337,002</b>
Temporarily restricted	-	182,746	363,256	4,156,744
Permanently restricted	-	16,771	947,940	8,255,917
<b>Total net assets</b>	<b>(56,432)</b>	<b>16,617,407</b>	<b>5,535,392</b>	<b>64,749,663</b>
<b>Total liabilities and net assets</b>	<b>\$ 849,570</b>	<b>\$ 18,983,856</b>	<b>\$ 12,868,723</b>	<b>\$ 66,422,801</b>

LifeScape  
Consolidating Balance Sheets  
June 30, 2017

Elimination Entries	Subtotal	Rehabilitation Medical Supply	HUD Projects	Beacon Apartments Limited Partnership	Elimination Entries	Consolidated Totals
\$ -	\$ 571,689	\$ -	\$ 138,309	\$ 13,656	\$ -	\$ 723,654
-	384,775	-	-	-	-	384,775
-	267,702	-	-	-	-	267,702
-	603,240	90,354	18,233	133,114	(7,470)	837,471
-	535,005	-	-	-	-	535,005
-	147,413	-	-	-	-	147,413
-	618,484	99,783	-	-	-	718,267
-	1,388,972	-	-	-	-	1,388,972
-	46,856	-	10,635	1,052	-	58,543
-	53,772	-	-	-	-	53,772
-	137,893	104	6,439	36,710	(30,577)	150,569
-	1,032,055	(1,042,755)	10,700	-	-	-
-	5,787,856	(852,514)	184,316	184,532	(38,047)	5,266,143
-	6,097,955	-	1,234,258	592,678	-	7,924,891
-	393,109	-	-	-	-	393,109
-	6,491,064	-	1,234,258	592,678	-	8,318,000
-	12,278,920	(852,514)	1,418,574	777,210	(38,047)	13,584,143
-	72,922,656	2,170,940	(379,435)	218,840	(218,840)	74,714,161
-	-	-	-	1,192,056	-	1,192,056
-	72,922,656	2,170,940	(379,435)	1,410,896	(218,840)	75,906,217
-	4,702,746	-	-	-	-	4,702,746
-	9,220,628	-	319,008	-	-	9,539,636
-	86,846,030	2,170,940	(60,427)	1,410,896	(218,840)	90,148,599
\$ -	\$ 99,124,950	\$ 1,318,426	\$ 1,358,147	\$ 2,188,106	\$ (256,887)	\$ 103,732,742

	LifeScape	Children's Care Hospital and School	South Dakota Achieve	LifeScape Foundation
<b>Unrestricted Revenues, Gains, and Other Support</b>				
Net patient service revenue	\$ -	\$ 25,373,699	\$ -	\$ -
Provision for bad debts	-	(110,400)	-	-
Net patient service revenue less provision for bad debts	-	25,263,299	-	-
Program service fees	-	-	24,109,441	-
Contributions and bequests	-	-	-	646,061
Other revenue	3,964,121	916,542	2,731,365	251,175
Net assets released from restrictions for operations	-	149,152	67,614	678,023
Total revenues, gains, and other support	<u>3,964,121</u>	<u>26,328,993</u>	<u>26,908,420</u>	<u>1,575,259</u>
<b>Expenses</b>				
Salaries	3,188,464	14,487,492	18,541,481	447,231
Employee benefits and payroll taxes	652,288	3,254,184	3,854,285	56,964
Contract labor	-	1,014,026	-	-
Professional and contract services	27,503	2,314,750	2,431,089	103,951
Supplies	-	1,183,396	1,233,741	8,363
Occupancy	-	945,181	664,351	55,427
Travel and transportation	-	115,977	418,852	-
Repairs and maintenance	-	278,386	97,136	15,644
Provider and sales tax	-	491,229	37,112	-
Insurance	-	212,873	179,435	-
Contributions	-	-	-	2,673,103
Interest	-	287,989	90,322	-
Depreciation and amortization	28,897	1,142,591	849,845	18,260
Rent expense to HUD	-	-	255,496	-
Other	-	69,894	56,856	297,068
Total expenses	<u>3,897,152</u>	<u>25,797,968</u>	<u>28,710,001</u>	<u>3,676,011</u>
Operating (Loss) Income	<u>66,969</u>	<u>531,025</u>	<u>(1,801,581)</u>	<u>(2,100,752)</u>
<b>Other Income (Expense)</b>				
Investment income	-	185,350	144,631	2,109,268
Loss on disposal of equipment	-	(9,860)	(12,441)	-
Total other income (expense), net	<u>-</u>	<u>175,490</u>	<u>132,190</u>	<u>2,109,268</u>
Revenues (Less Than) in Excess of Expenses	66,969	706,515	(1,669,391)	8,516
<b>Change in Unrealized Gains and Losses</b>				
on Investments	-	222,234	378,270	5,861,259
Contributed Services	27,503	-	-	27,503
Contributions restricted for capital purposes	-	24,042	14,600	-
Change in Unrestricted Net Assets	<u>\$ 94,472</u>	<u>\$ 952,791</u>	<u>\$ (1,276,521)</u>	<u>\$ 5,897,278</u>

LifeScope  
Consolidating Statements of Operations  
Year Ended June 30, 2017

Elimination Entries	Subtotal	Rehabilitation Medical Supply	HUD Projects	Beacon Apartments Limited Partnership	Elimination Entries	Consolidated Totals
\$ -	\$ 25,373,699	3,565,625	\$ -	\$ -	\$ -	\$ 28,939,324
-	(110,400)	-	-	-	-	(110,400)
-	25,263,299	3,565,625	-	-	-	28,828,924
-	24,109,441	-	-	-	-	24,109,441
-	646,061	-	-	-	-	646,061
(6,471,163)	1,392,040	-	712,049	118,431	(264,093)	1,958,427
-	894,789	-	-	-	-	894,789
(6,471,163)	52,305,630	3,565,625	712,049	118,431	(264,093)	56,437,642
-	36,664,668	1,243,997	77,672	5,481	-	37,991,818
-	7,817,721	272,718	23,785	1,442	-	8,115,666
-	1,014,026	15,668	-	-	-	1,029,694
(4,019,127)	858,166	14,986	64,171	14,834	(8,597)	943,560
-	2,425,500	1,530,393	43,511	2,431	-	4,001,835
-	1,664,959	107,004	120,826	37,688	-	1,930,477
-	534,829	14,228	-	-	-	549,057
-	391,166	35,830	34,138	19,083	-	480,217
-	528,341	1,034	-	-	-	529,375
-	392,308	-	12,598	2,086	-	406,992
(2,507,042)	166,061	-	-	-	-	166,061
-	378,311	-	133,276	17,036	-	528,623
-	2,039,593	33,914	152,144	91,872	-	2,317,523
-	255,496	-	-	-	(255,496)	-
-	423,818	25,392	4,130	3,249	-	456,589
(6,526,169)	55,554,963	3,295,164	666,251	195,202	(264,093)	59,447,487
55,006	(3,249,333)	270,461	45,798	(76,771)	-	(3,009,845)
-	2,439,249	-	-	-	-	2,439,249
-	(22,301)	-	-	-	-	(22,301)
-	2,416,948	-	-	-	-	2,416,948
55,006	(832,385)	270,461	45,798	(76,771)	-	(592,897)
-	6,461,763	-	-	-	-	6,461,763
(55,006)	-	-	-	-	-	-
-	38,642	-	-	-	-	38,642
\$ -	\$ 5,668,020	\$ 270,461	\$ 45,798	\$ (76,771)	\$ -	\$ 5,907,508



	LifeScape	Children's Care Hospital and School	South Dakota Achieve	LifeScape Foundation
<b>Unrestricted Net Assets</b>				
Expenses in excess of revenues	\$ 66,969	\$ 706,515	\$ (1,669,391)	\$ 8,516
Change in unrealized gains and losses on investments	-	222,234	378,270	5,861,259
Contributed services	27,503	-	-	27,503
Net assets released from restrictions for capital acquisition	-	24,042	14,600	-
Intercompany transfers	-	(1,900,479)	-	-
Change in unrestricted net assets	<u>94,472</u>	<u>(947,688)</u>	<u>(1,276,521)</u>	<u>5,897,278</u>
<b>Temporarily Restricted Net Assets</b>				
Contributions and grants for specific purposes	-	69,858	60,821	684,885
Change in split interest agreements	-	-	-	100,398
Net assets released from restrictions	-	(149,152)	(67,614)	(678,023)
Change in temporarily restricted net assets	<u>-</u>	<u>(79,294)</u>	<u>(6,793)</u>	<u>107,260</u>
<b>Permanently Restricted Net Assets</b>				
Change in split interest agreements	-	-	-	(480)
Contributions for endowment funds	-	-	-	1,288,656
Change in permanently restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,288,176</u>
Change in Net Assets	94,472	(1,026,982)	(1,283,314)	7,292,714
Net Assets, Beginning of Year	<u>(150,904)</u>	<u>17,644,389</u>	<u>6,818,706</u>	<u>57,456,949</u>
Net Assets, End of Year	<u>\$ (56,432)</u>	<u>\$ 16,617,407</u>	<u>\$ 5,535,392</u>	<u>\$ 64,749,663</u>

LifeScape  
Consolidating Statements of Changes in Net Assets  
Year Ended June 30, 2017

Elimination Entries	Obligated Group Totals	Rehabilitation Medical Supply	HUD Projects	Beacon Apartments Limited Partnership	Elimination Entries	Consolidated Totals
\$ 55,006	\$ (832,385)	\$ 270,461	\$ 45,798	\$ (76,771)	\$ -	\$ (592,897)
-	6,461,763	-	-	-	-	6,461,763
(55,006)	-	-	-	-	-	-
-	38,642	-	-	-	-	38,642
-	(1,900,479)	1,900,479	-	-	-	-
-	3,767,541	2,170,940	45,798	(76,771)	-	5,907,508
-	815,564	-	-	-	-	815,564
-	100,398	-	-	-	-	100,398
-	(894,789)	-	-	-	-	(894,789)
-	21,173	-	-	-	-	21,173
-	(480)	-	-	-	-	(480)
-	1,288,656	-	-	-	-	1,288,656
-	1,288,176	-	-	-	-	1,288,176
-	5,076,890	2,170,940	45,798	(76,771)	-	7,216,857
-	81,769,140	-	(106,225)	1,487,667	(218,840)	82,931,742
\$ -	\$ 86,846,030	\$ 2,170,940	\$ (60,427)	\$ 1,410,896	\$ (218,840)	\$ 90,148,599