Form **990** | **Return of Organization Exempt From Income Tax** | OMB No 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

Department of the Treasury Internal Revenue Service

2011 Open to Public Inspection

A For the 2011 calendar year, or tax year beginning JUL 1, 2011 and ending JUN 30, 2012

B Check if applicable: [ ] Address change [ ] Name change [ ] Initial return [ ] Terminated [ ] Amended return [ ] Application pending

C Name of organization: Children's Orthopaedic Surgery Foundation, Inc.

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address): 300 Longwood Avenue — Room/suite: HU221

City or town, state or country, and ZIP + 4: Boston, MA 02115

D Employer identification number: 04-2943146

E Telephone number: (617) 355-8699

G Gross receipts $ 39,288,209.

F Name and address of principal officer: James R. Kasser, MD same as C above

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) Are all affiliates included? [ ] Yes [ ] No If "No," attach a list. (see instructions)

I Tax-exempt status: [X] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ N/A

H(c) Group exemption number ▶

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation: 1986 M State of legal domicile: MA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: The Foundation provides orthopaedic surgery services, medical research, and (see Schedule O)

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	23
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	1
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	26
6	Total number of volunteers (estimate if necessary)	6	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,058.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	1,058.

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		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	255,000.	20,000.
9	Program service revenue (Part VIII, line 2g)	36,423,952.	38,548,626.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	604,143.	719,583.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	0.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	37,283,095.	39,288,209.
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	206,660.	5,168,880.
14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	25,590,418.	26,801,512.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	6,181,225.	6,551,924.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	31,978,303.	38,522,316.
19	Revenue less expenses. Subtract line 18 from line 12	5,304,792.	765,893.

Net Assets or Fund Balances		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	52,278,098.	53,247,037.
21	Total liabilities (Part X, line 26)	8,785,427.	9,168,748.
22	Net assets or fund balances. Subtract line 21 from line 20	43,492,671.	44,078,289.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here ▶ Signature of officer — Date 04/24/2013

▶ James R. Kasser, MD, President — Type or print name and title

Paid Preparer Use Only				
Print/Type preparer's name: E. DREW CHENEY	Preparer's signature: E. Drew Cheney	Date: 4/11/13	Check [ ] if self-employed	PTIN P00182972
Firm's name ▶ Baker, Newman, & Noyes, LLC			Firm's EIN ▶ 01-0494526	
Firm's address ▶ 280 Fore Street Portland, ME 04101			Phone no. 1-800-244-7444	

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

132001 01-23-12 LHA For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2011)

See Schedule O for Organization Mission Statement Continuation

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Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:
The Foundation provides orthopaedic surgery services to patients at Boston Children's Hospital and other health care providers at satellite locations. The mission strives to provide care for patients with a wide range of developmental, congenital, (see Schedule O)

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 35,814,044. including grants of $ 5,168,880.) (Revenue $ 37,651,351.)
The Foundation provides orthopaedic surgery services primarily to patients at Boston Children's Hospital and other health care providers at satellite locations. The Foundation may charge for patient care, other medical services, and related products, provided that any net income is used exclusively for the charitable, scientific, and educational purposes for which the Foundation was created. The Foundation also provides care for patients in need of orthopaedic services regardless of their ability to pay, as well as providing and subsidizing hospital and community based services that are limited in the community.

4b (Code:) (Expenses $ 1,199,641. including grants of $) (Revenue $ 897,275.)
The Foundation carries on and promotes basic and applied medical research and education in the field of orthopaedics by teaching students and other medical and scientific personnel; by providing or supplementing income to research personnel through fellowships, research grants, and stipends; and by giving lectures and publishing information concerning problems and research results in the field of pediatric orthopaedics in order to educate the general public and the medical profession.

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 ▶ 37,013,685.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	X	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	X	
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

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Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	X	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No", go to line 25*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26	X	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		X
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

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Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	17			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	26			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		X
b	If "Yes," enter the name of the foreign country: ▶					
	See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter:					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter:					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state?			13a		
	Note. See the instructions for additional information the organization must report on Schedule O.					
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

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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 to any question in this Part VI .... [X]

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year .... 1a 23 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	Enter the number of voting members included in line 1a, above, who are independent 1b 1				
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3		X	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6		X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b		X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9			X

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
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?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	X	
13	Did the organization have a written whistleblower policy?	13		X
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
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?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶MA

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
[ ] Own website [ ] Another's website [X] Upon request

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, physical address, and telephone number of the person who possesses the books and records of the organization: ▶
Dean Bauer - (617) 355-8699
300 Longwood Avenue, Boston, MA 02115

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

Check if Schedule O contains a response to any question 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 (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
(1) James R. Kasser, MD President	60.00	X		X				995,370.	0.	83,299.
(2) John B. Emans, MD Treasurer	60.00	X		X				933,249.	0.	49,245.
(3) Peter M. Waters, MD Clerk	60.00	X		X				1,136,749.	0.	90,140.
(4) Michael Millis, MD Director	60.00	X						969,371.	0.	74,356.
(5) M. Timothy Hresko, MD Director	60.00	X						774,654.	0.	56,133.
(6) Brian Snyder, MD Director	60.00	X						452,054.	0.	64,482.
(7) Lawrence Karlin, MD Director	60.00	X						753,404.	0.	98,196.
(8) Seymour Zimbler, MD Director	60.00	X						569,223.	0.	77,257.
(9) Young-Jo Kim, MD Director	60.00	X						838,573.	0.	50,876.
(10) Mininder Kocher, MD Director	60.00	X						1,328,591.	0.	77,841.
(11) Daniel Hedequist, MD Director	60.00	X						884,095.	0.	76,988.
(12) Martha Murray, MD Director	60.00	X						762,795.	0.	50,215.
(13) Donald Bae, MD Director	60.00	X						880,373.	0.	94,109.
(14) Susan Mahan, MD Director	60.00	X						395,373.	0.	61,322.
(15) Gregory Melkonian, MD Director	60.00	X						449,798.	0.	69,301.
(16) Samantha Spencer, MD Director	60.00	X						753,273.	0.	77,257.
(17) Travis Matheney, MD Director	60.00	X						536,073.	0.	66,030.

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
(18) Dennis Kramer, MD Director	60.00	X						733,403.	0.	71,650.
(19) Yi-Meng Yen, MD Director	60.00	X						735,748.	0.	68,105.
(20) Michael Glotzbecker, MD Director	60.00	X						742,109.	0.	60,285.
(21) Benjamin Shore, MD Director	60.00	X						443,006.	0.	60,935.
(22) Benton E. Heyworth, MD Director	60.00	X						131,383.	0.	66,503.
(23) Lyle J. Micheli, MD Director	2.00	X						0.	0.	0.
(24) Physicians' Org. at CH, Inc. Independent Board Member	2.00		X					0.	0.	0.
(25) Thomas Hart Key Executive	60.00					X		292,391.	0.	80,085.
(26) Matthew Warman, MD Physician	60.00					X		376,320.	0.	0.
1b Sub-total ▶								16,867,378.	0.	1624610.
c Total from continuation sheets to Part VII, Section A ▶								0.	0.	0.
d Total (add lines 1b and 1c) ▶								16,867,378.	0.	1624610.

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 ▶ 24

		Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		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
Hart Associates 3 Allied Drive, Suite 312, Dedham, MA 02026	Billing & Coding	1,161,589.

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 ▶ 1

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts						
1 a Federated campaigns	1a					
b Membership dues	1b					
c Fundraising events	1c					
d Related organizations	1d					
e Government grants (contributions)	1e					
f All other contributions, gifts, grants, and similar amounts not included above	1f	20,000.				
g Noncash contributions included in lines 1a-1f: $						
h **Total.** Add lines 1a-1f ▶			20,000.			
Program Service Revenue	Business Code					
2 a Patient service revenu	621300		27902163.	27902163.		
b Other service revenue	621300		9,749,188.	9,749,188.		
c Research, service & ot	541700		526,913.	526,913.		
d Administrative, teachi	611710		370,362.	370,362.		
e						
f All other program service revenue						
g **Total.** Add lines 2a-2f ▶			38548626.			
Other Revenue						
3 Investment income (including dividends, interest, and other similar amounts) ▶			719,583.		2,058.	717,525.
4 Income from investment of tax-exempt bond proceeds ▶						
5 Royalties ▶						
	(i) Real	(ii) Personal				
6 a Gross rents						
b Less: rental expenses						
c Rental income or (loss)						
d Net rental income or (loss) ▶						
7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
b Less: cost or other basis and sales expenses						
c Gain or (loss)						
d Net gain or (loss) ▶						
8 a Gross income from fundraising events (not including $ ______ of contributions reported on line 1c). See Part IV, line 18	a					
b Less: direct expenses	b					
c Net income or (loss) from fundraising events ▶						
9 a Gross income from gaming activities. See Part IV, line 19	a					
b Less: direct expenses	b					
c Net income or (loss) from gaming activities ▶						
10 a Gross sales of inventory, less returns and allowances	a					
b Less: cost of goods sold	b					
c Net income or (loss) from sales of inventory ▶						
Miscellaneous Revenue	Business Code					
11 a						
b						
c						
d All other revenue						
e **Total.** Add lines 11a-11d ▶						
12 **Total revenue.** See instructions. ▶			39288209.	38548626.	2,058.	717,525.

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) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question 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 governments and organizations in the United States. See Part IV, line 21	5,168,880.	5,168,880.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	18,251,522.	18,251,522.		
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	8,124,988.	6,906,240.	1,218,748.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes	425,002.	398,089.	26,913.	
11 Fees for services (non-employees):				
a Management				
b Legal	16,027.		16,027.	
c Accounting	43,459.		43,459.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	66,464.		66,464.	
g Other	1,510,776.	1,409,590.	101,186.	
12 Advertising and promotion				
13 Office expenses	682,112.	646,278.	35,834.	
14 Information technology				
15 Royalties				
16 Occupancy	702,852.	702,852.		
17 Travel	1,201.	1,201.		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	344,278.	344,278.		
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	16,712.	16,712.		
23 Insurance	848,632.	848,632.		
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 Bad debt expense	915,458.	915,458.		
b Research and education	708,790.	708,790.		
c Outside medical service	410,041.	410,041.		
d PO dues	285,122.	285,122.		
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	38,522,316.	37,013,685.	1,508,631.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	7,108.	1	21,007.
	2	Savings and temporary cash investments	8,720,291.	2	9,494,132.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	3,534,387.	4	3,836,674.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	2,047,333.	5	1,992,666.
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7	Notes and loans receivable, net	383,500.	7	197,000.
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges	67,278.	9	116,733.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a 761,519.			
	b	Less: accumulated depreciation — 10b 515,478.	252,188.	10c	246,041.
	11	Investments - publicly traded securities	17,226,078.	11	18,250,002.
	12	Investments - other securities. See Part IV, line 11	17,389,155.	12	17,198,453.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	2,650,780.	15	1,894,329.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	52,278,098.	16	53,247,037.
Liabilities	17	Accounts payable and accrued expenses	571,433.	17	388,081.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	8,213,994.	25	8,780,667.
	26	**Total liabilities.** Add lines 17 through 25	8,785,427.	26	9,168,748.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	42,698,424.	27	43,399,366.
	28	Temporarily restricted net assets	794,247.	28	678,923.
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	43,492,671.	33	44,078,289.
	34	Total liabilities and net assets/fund balances	52,278,098.	34	53,247,037.

132011 01-23-12

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI [X]

1	Total revenue (must equal Part VIII, column (A), line 12)	1	39,288,209.
2	Total expenses (must equal Part IX, column (A), line 25)	2	38,522,316.
3	Revenue less expenses. Subtract line 2 from line 1	3	765,893.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	43,492,671.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-180,275.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	44,078,289.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII [X]

			Yes	No
1	Accounting method used to prepare the Form 990: [ ] Cash [X] Accrual [ ] Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: [ ] Separate basis [ ] Consolidated basis [X] Both consolidated and separate basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	3b		

132012
01-23-12

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. ▶ See separate instructions.

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization Children's Orthopaedic Surgery Foundation,Inc.

Employer identification number 04-2943146

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 11, 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.)
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 [X] 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.)
10 [ ] An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
11 [ ] 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 that describes the type of supporting organization and complete lines 11e through 11h.

a [ ] Type I b [ ] Type II c [ ] Type III - Functionally integrated d [ ] Type III - Other

e [ ] By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box .... [ ]

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)		
(ii) A family member of a person described in (i) above?	11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)		

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document? Yes	No	(v) Did you notify the organization in col. (i) of your support? Yes	No	(vi) Is the organization in col. (i) organized in the U.S.? Yes	No	(vii) Amount of support
Total									

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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) 14 %

15 Public support percentage from 2010 Schedule A, Part II, line 14 15 %

16a **33 1/3% support test - 2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support test - 2010.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10% -facts-and-circumstances test - 2011.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

b **10% -facts-and-circumstances test - 2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

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

(Complete only if you checked the box on line 9 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	100,000.	819,251.	770,000.	255,000.	20,000.	1964251.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	27207076.	33748688.	36438858.	36423952.	38548652.	172367226
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5	27307076.	34567939.	37208858.	36678952.	38568652.	174331477
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0.
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						0.
c Add lines 7a and 7b						0.
8 **Public support** (Subtract line 7c from line 6.)						174331477

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6	27307076.	34567939.	37208858.	36678952.	38568652.	174331477
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	618,809.	525,610.	566,458.	544,695.	719,583.	2975155.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	618,809.	525,610.	566,458.	544,695.	719,583.	2975155.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 **Total support** (Add lines 9, 10c, 11, and 12)	27925885.	35093549.	37775316.	37223647.	39288235.	177306632

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	98.32	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	98.26	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c, column (f) divided by line 13, column (f))	17	1.68	%
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	1.70	%

19a **33 1/3% support tests - 2011.** 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 ▶ [X]

b **33 1/3% support tests - 2010.** 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 ▶ ☐

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization: Children's Orthopaedic Surgery Foundation,Inc.

Employer identification number: 04-2943146

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate 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? ☐ Yes ☐ 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? ☐ Yes ☐ No

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

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

- ☐ Preservation of land for public use (e.g., recreation or education)
- ☐ Preservation of an historically important land area
- ☐ Protection of natural habitat
- ☐ Preservation of a certified historic structure
- ☐ Preservation of open space

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

			Held at the End of the 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, and enforcing conservation easements during the year ▶ ______

7 Amount of expenses incurred in monitoring, inspecting, 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 XIV, 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" to 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 XIV, 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) Revenues included in 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 Revenues included in 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 XIV.

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" to 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 XIV and complete the following table:

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

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

Part V **Endowment Funds.** Complete if the organization answered "Yes" to 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	794,248.	884,814.	364,972.	156,642.	
b	Contributions	20,000.	255,000.	770,000.	100,000.	
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs	135,325.	345,566.	250,158.	-108,330.	
f	Administrative expenses					
g	End of year balance	678,923.	794,248.	884,814.	364,972.	

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 ▶ 100.00 %

The percentages in 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	3a(i)		X
(ii)	related organizations	3a(ii)		X
b	If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI **Land, Buildings, and Equipment.** 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				
b	Buildings		264,239.	62,320.	201,919.
c	Leasehold improvements		166,773.	122,651.	44,122.
d	Equipment		330,507.	330,507.	0.
e	Other				
	Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				246,041.

Part VII Investments - Other Securities. 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) PO Pooled Investment		
(B) Funds	17,198,453.	End-of-Year Market Value
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 12.) ▶	17,198,453.	

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 15.)* ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Due to Children's Hospital	1,391,455.
(3) Due to Children's Sports Medicine	
(4) Foundation, Inc	614,133.
(5) Due to Physicians' Organization	449,545.
(6) Severence plan obligation	2,812,385.
(7) Accrued deferred compensation	
(8) obligation	2,477,025.
(9) Patient credit balances	16,407.
(10) Accrued professional liability	1,019,717.
(11)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25.)* ▶	8,780,667.

2. FIN 48 (ASC 740) Footnote. In Part XIV, 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).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	39,288,209.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	38,522,316.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	765,893.
4	Net unrealized gains (losses) on investments	4	-180,275.
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	
9	Total adjustments (net). Add lines 4 through 8	9	-180,275.
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	585,618.

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

1	Total revenue, gains, and other support per audited financial statements			1	39,243,259.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a	-180,275.		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV.)	2d	135,325.		
e	Add lines 2a through 2d			2e	-44,950.
3	Subtract line 2e from line 1			3	39,288,209.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV.)	4b			
c	Add lines 4a and 4b			4c	0.
5	Total revenue. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 12.)*			5	39,288,209.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	38,522,316.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV.)	2d			
e	Add lines 2a through 2d			2e	0.
3	Subtract line 2e from line 1			3	38,522,316.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV.)	4b			
c	Add lines 4a and 4b			4c	0.
5	Total expenses. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 18.)*			5	38,522,316.

Part XIV Supplemental Information

Complete this part to 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, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part V, line 4: Assets limited to use represent assets held in trust that are available to pay for future benefits to participants of the deferred compensation plans and investments whose use has been restricted by donors to a specific time period or purpose.

Part XII, Line 2d - Other Adjustments:

Net assets released from restrictions 135,325.

Part XIV Supplemental Information *(continued)*

Part X, FIN 48 Footnote:

The Foundation is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been classified as an organization that is not a private foundation under Section 509(a)(2). Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Management of the Foundation has evaluated the positions taken on the Foundation's filed tax returns and has concluded that no uncertain income tax positions exist at June 30, 2012. The Foundation's tax years from 2009 through 2012 are potentially subject to examination.

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" to Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Children's Orthopaedic Surgery Foundation, Inc.

Employer identification number: 04-2943146

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? .... [X] 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 Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Check this box if no one recipient 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 non-cash assistance	(h) Purpose of grant or assistance
Boston Children's Hospital 300 Longwood Avenue Boston, MA 02115	04-2774441	501(c)(3)	5,027,910.	0.	N/A	N/A	General Support
Orthopaedic Research and Education Fund - 6300 N. River Road, Suite 700 - Rosemont, IL 60018	36-6009467	501(c)(3)	33,000.	0.	N/A	N/A	General Support
Boston Ballet, Inc. 19 Clarendon Street Boston, MA 02116	04-2312734	501(c)(3)	16,625.	0.	N/A	N/A	General Support
Little People of America, Inc. 250 El Camino Real, Suite 201 Tustin, CA 92780	94-2965067	501(c)(3)	5,000.	0.	N/A	N/A	General Support
Osteogenesis Imperfecta Foundation, Inc. - 804 W. Diamond Avenue, Suite 210 - Gaithersburg, MD 20878	23-7076021	501(c)(3)	5,000.	0.	N/A	N/A	General Support
Wheelock Family Theater 200 The Riverway Boston, MA 02215	04-2103639	501(c)(3)	7,500.	0.	N/A	N/A	General Support

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table .... ▶ 8.

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.**

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(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 non-cash assistance	(h) Purpose of grant or assistance
Pediatric Orthopaedic Society of North America - 6300 N. River Road, Suite 727 - Rosemont, IL 60018	54-1323281	501(c)(3)	15,000.	0.	N/A	N/A	General Support
University of Pennsylvania Medical School - 3620 Hamilton Walk - Philadelphia, PA 19104	23-1352685	501(c)(3)	15,000.	0.	N/A	N/A	General Support

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to 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 non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Schedule I, Part I, Line 2: Monitoring is provided by the Children's Orthopaedic Surgical Foundation, Inc. (the Foundation) through oversight of the terms and conditions of a written grant agreement. Multiyear agreements require yearly progress and financial reports for continuation of funding. During the year ended June 30, 2012, the Foundation only provided grant donations to other 501(c)(3) organizations.

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" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Children's Orthopaedic Surgery Foundation, Inc.

Employer identification number: 04-2943146

Part I Questions Regarding Compensation

		Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Travel for companions ☒ Tax indemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e.g., 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	1b	X	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		X
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. Explain in Part III. ☒ Compensation committee ☐ Independent compensation consultant ☒ Form 990 of other organizations ☐ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee			
4 During the year, did any person listed in 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?	4a	X	
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		X
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
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) and 501(c)(4) organizations must complete lines 5-9.			
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a The organization?	5a	X	
b Any related organization?	5b		X
If "Yes" to line 5a or 5b, describe in Part III.			
6 For persons listed in 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?	6a		X
b Any related organization?	6b		X
If "Yes" to line 6a or 6b, describe in Part III.			
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		X
8 Were any amounts reported in 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	8		X
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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 in 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 are not 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		(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 reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 James R. Kasser, MD	(i)	360,000.	169,000.	466,370.	49,000.	34,299.	1,078,669.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 John B. Emans, MD	(i)	360,000.	341,000.	232,249.	49,000.	245.	982,494.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 Peter M. Waters, MD	(i)	360,000.	261,000.	515,749.	49,000.	41,140.	1,226,889.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 Michael Millis, MD	(i)	336,000.	365,000.	268,371.	49,000.	25,356.	1,043,727.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5 M. Timothy Hresko, MD	(i)	320,000.	220,000.	234,654.	49,000.	7,133.	830,787.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
6 Brian Snyder, MD	(i)	300,000.	96,000.	56,054.	49,000.	15,482.	516,536.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
7 Lawrence Karlin, MD	(i)	444,000.	37,000.	272,404.	49,000.	49,196.	851,600.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
8 Seymour Zimbler, MD	(i)	120,000.	361,000.	88,223.	49,000.	28,257.	646,480.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
9 Young-Jo Kim, MD	(i)	300,000.	240,000.	298,573.	49,000.	1,876.	889,449.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
10 Mininder Kocher, MD	(i)	581,000.	120,000.	627,591.	52,485.	25,356.	1,406,432.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
11 Daniel Hedequist, MD	(i)	384,000.	97,000.	403,095.	49,000.	27,988.	961,083.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
12 Martha Murray, MD	(i)	300,000.	240,000.	222,795.	49,000.	1,215.	813,010.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
13 Donald Bae, MD	(i)	300,000.	181,000.	399,373.	49,000.	45,109.	974,482.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
14 Susan Mahan, MD	(i)	168,000.	180,000.	47,373.	49,000.	12,322.	456,695.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
15 Gregory Melkonian, MD	(i)	168,000.	220,000.	61,798.	49,000.	20,301.	519,099.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
16 Samantha Spencer, MD	(i)	270,000.	133,000.	350,273.	49,000.	28,257.	830,530.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.

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 in 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 are not 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		(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 reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Travis Matheney, MD	(i)	290,000.	158,000.	88,073.	49,000.	17,030.	602,103.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 Dennis Kramer, MD	(i)	225,000.	178,000.	330,403.	49,000.	22,650.	805,053.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 Yi-Meng Yen, MD	(i)	300,000.	103,000.	332,748.	49,000.	19,105.	803,853.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 Michael Glotzbecker, MD	(i)	220,000.	183,000.	339,109.	49,000.	11,285.	802,394.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5 Benjamin Shore, MD	(i)	220,000.	183,000.	40,006.	49,000.	11,935.	503,941.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
6 Benton E. Heyworth, MD	(i)	95,833.	10,000.	25,550.	49,000.	17,503.	197,886.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
7 Thomas Hart	(i)	238,411.	51,380.	2,600.	49,000.	31,085.	372,476.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
8 Matthew Warman, MD	(i)	45,000.	0.	331,320.	0.	0.	376,320.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

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

Part I, Line 1a: The Foundation provides gross-up payments for mortgage forgiveness, tuition payments, long term disability insurance, life insurance, and tax preparation fees. These payments are included as taxable wages during the year. All permanent full-time employees of the Foundation are eligible for the gross-up payments.

Part I, Line 4a: The Foundation established a nonqualified severance benefit plan called the Children's Orthopaedic Surgery Foundation, Inc. Severance Benefit Plan, effective as of September 1, 1991, to supplement the severance, death or disability benefits available to certain employees of the Foundation. The Board of Directors designates eligible employees and determines benefits. The Severance Benefit Plan was frozen as of December 31, 2004. Although the assets of the trust have been irrevocably set aside for payment of deferred compensation benefits, they are subject first to the claims of the Foundation's creditors in the event the Foundation is subject to bankruptcy proceedings. The liability owed to the plan participants as of June 30, 2012 are: James R. Kasser, MD (President) $502,639; John B. Emans, MD (Treasurer) $549,628; Peter Waters, MD (Clerk) $482,134; Michael B. Millis, MD (Director) $642,971; M. Timothy Hresko, MD

Part III Supplemental Information

Complete this part to 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.

(Director) $133,294; Brian Snyder, MD (Director) $62,295; Seymour Zimbler, MD (Director) $62,896; Young-Jo Kim, MD (Director) $49,836; Mininder Kocher, MD (Director) $230,934; and Lyle Micheli, MD (Director) $95,758.

Part I, Line 5: The Children's Orthopaedic Surgery Foundation, Inc. (the Foundation) paid bonus compensation based on revenues of the Foundation. Bonuses are normally paid in June and December. There is an income statement maintained for each physician. The bonuses are based on the excess balance accumulated in each physician's income statement, the performance of the physician during the six month period, the necessary reserve requirement of three month's salary plus any other reserve deemed appropriate by the Chief of the Department.

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047
2011
Open To Public Inspection

Name of the organization: Children's Orthopaedic Surgery Foundation,Inc.

Employer identification number: 04-2943146

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
Donald Bae, MD -		X	400,000.	160,000.		X	X		X	
Daniel Hedequist,		X	400,000.	66,666.		X	X		X	
Samantha Spencer,		X	350,000.	140,000.		X	X		X	
Mininder Kocher,		X	640,000.	256,000.		X	X		X	
Dennis Krammer, M		X	100,000.	40,000.		X	X		X	
Dennis Krammer, M		X	300,000.	120,000.		X	X		X	
Yi-Meng Yen, MD -		X	100,000.	0.		X	X		X	
Travis Matheney -		X	100,000.	40,000.		X	X		X	
Martha Murray, MD		X	400,000.	350,000.		X	X		X	
Lawrence Karlin -		X	300,000.	180,000.		X	X		X	
Total ▶ $				1,992,666.						

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule L (Form 990 or 990-EZ) 2011

See Part V for Continuations

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Part IV **Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

Schedule L, Part II, Loans To and From Interested Persons:

(a) Name of Person: Donald Bae, MD

(a) Purpose of Loan: Retention

(a) Name of Person: Daniel Hedequist, MD

(a) Purpose of Loan: Retention

(a) Name of Person: Samantha Spencer, MD

(a) Purpose of Loan: Retention

(a) Name of Person: Mininder Kocher, MD

(a) Purpose of Loan: Retention

(a) Name of Person: Dennis Krammer, MD

(a) Purpose of Loan: Recruitment

(a) Name of Person: Dennis Krammer, MD

(a) Purpose of Loan: Retention

(a) Name of Person: Yi-Meng Yen, MD

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

(a) Purpose of Loan: Retention

(a) Name of Person: Travis Matheney

(a) Purpose of Loan: Retention

(a) Name of Person: Martha Murray, MD

(a) Purpose of Loan: Retention

(a) Name of Person: Lawrence Karlin

(a) Purpose of Loan: Retention

(a) Name of Person: Michael Glotzbecker, MD

(a) Purpose of Loan: Recruitment

(b) Loan to or from organization? = From

(c) Original Principal Amount $ 100,000. (d) Balance Due $ 60,000.

(e) Loan in Default? = No

(f) Approved by Board or Committee? = Yes

(g) Written Agreement? = Yes

(a) Name of Person: Benton Heyworth, MD

(a) Purpose of Loan: Recruitment

(b) Loan to or from organization? = From

(c) Original Principal Amount $ 100,000. (d) Balance Due $ 80,000.

(e) Loan in Default? = No

(f) Approved by Board or Committee? = Yes

(g) Written Agreement? = Yes

(a) Name of Person: Yi-Meng Yen, MD

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

(a) Purpose of Loan: Retention

(b) Loan to or from organization? = From

(c) Original Principal Amount $ 400,000. (d) Balance Due $ 400,000.

(e) Loan in Default? = No

(f) Approved by Board or Committee? = Yes

(g) Written Agreement? = Yes

(a) Name of Person: Benjamin Shore, MD

(a) Purpose of Loan: Retention

(b) Loan to or from organization? = From

(c) Original Principal Amount $ 100,000. (d) Balance Due $ 100,000.

(e) Loan in Default? = No

(f) Approved by Board or Committee? = Yes

(g) Written Agreement? = Yes

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.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization: Children's Orthopaedic Surgery Foundation, Inc.

Employer identification number: 04-2943146

Form 990, Part I, Line 1, Description of Organization Mission: educational services to Boston Children's Hospital and Harvard Medical School. The Foundation also provides care for patients located in Massachusetts in need of orthopaedic services, regardless of their ability to pay, as well as providing and subsidizing hospital and community based services that are limited in the community.

Form 990, Part III, Line 1, Description of Organization Mission: neuromuscular, and post traumatic problems of the musculoskeletal system. The Foundation also provides care for patients in need of orthopaedic services, regardless of their ability to pay.

Form 990, Part VI, Section A, line 3: The Physicians' Organization at Children's Hospital, Inc. (the PO) is a Class "C" member of Children's Orthopaedic Surgery Foundation, Inc. (the Foundation). The PO is responsible for all third party contracting for the Foundation. The PO has the power to select the independent auditor and legal counsel of the Foundation from an approved list of firms mutually agreed to by the PO and the Foundation. The PO also has the right to review, but not to approve, the annual operating budget and all capital budgets of the Foundation. Lastly, the PO has the right to review for compliance with applicable law, the general terms of and any modification to physician compensation and benefit plans for all physician employees of the Foundation.

Form 990, Part VI, Section A, line 6: The Children's Orthopaedic Surgery Foundation, Inc. (the Foundation) has three classes of members. The Chief

Name of the organization Children's Orthopaedic Surgery Foundation, Inc.	Employer identification number 04-2943146

of the Department of Orthopaedic Surgery (the Department) of Boston Children's Hospital is a Class "A" member. Each person who is a member of the Foundation, other than the Chief of the Department, may become a Class "B" member of the Foundation upon recommendation by the Class "A" member and approval of the Class "B" members. The Physicians' Organization at Children's Hospital, Inc. is a Class "C" member of the Foundation.

Form 990, Part VI, Section A, line 7a: According to the Articles of Organization, the Chief of the Department of Orthopaedic Surgery of Boston Children's Hospital is the Class "A" member of Children's Orthopaedic Surgery Foundation, Inc. (the Foundation). Each person who is a member of the Foundation, other than the Chief of the Department, is a Class "B" member of the Foundation. The Class "A" and "B" members of the Foundation elect the Board of Directors from nominees presented by the Executive Committee at their annual meeting. Each member is entitled to one vote upon any question at any meeting of the members.

Form 990, Part VI, Section A, line 7b: The Physicians' Organization at Children's Hospital, Inc. (the PO) is a Class "C" member of Children's Orthopaedic Surgery Foundation, Inc. (the Foundation). The PO is responsible for all third party contracting for the Foundation. The PO has the power to select the independent auditor and legal counsel of the Foundation from an approved list of firms mutually agreed to by the PO and the Foundation. The PO also has the right to review, but not to approve, the annual operating budget and all capital budgets of the Foundation. Lastly, the PO has the right to review for compliance with applicable law, the general terms of and any modification to physician compensation and benefit plans for all physician employees of the Foundation. As a Class

Name of the organization Children's Orthopaedic Surgery Foundation, Inc.

Employer identification number 04-2943146

"C" member of the Foundation, the PO attends the Foundation's annual meeting.

Form 990, Part VI, Section B, line 11: The detailed review will be conducted by the President of the Foundation, James R. Kasser, MD and the accountant, Dean Bauer. A copy of Form 990 will be provided to the Board prior to filing. The detailed review will be conducted before filing the return with the Internal Revenue Service.

Form 990, Part VI, Section B, Line 12c: The Physicians' Organization at Children's Hospital, Inc. (the PO) administers an annual conflict of interest disclosure process to all of its member Foundations, which asks physicians (officers, top management, and highly compensated employees) and selected Foundation staff to disclose potential conflicts. A disclosure statement will be circulated annually to members of the PO. The audit committee shall determine those individuals (including medical staff members) who shall be required to complete the disclosure statement. The audit committee, at its discretion, may either: 1) refer any or all statements to the Board of Directors; 2) appoint an ad hoc committee to review and resolve any conflict of interest issues; or 3) review and resolve any conflict of interest personally or through a designee(s). Any person not receiving a disclosure statement has an affirmative obligation to disclose to the PO President, PO General Counsel, or his/her supervisor whenever he/she believes he/she has or may have a conflict of interest. Similarly, each person completing a disclosure statement has an affirmative obligation to update the statement any time circumstances change and/or he/she believes that a conflict of interest may exist. In the event a conflict of interest is found to exist, the Foundation prohibits the member

Name of the organization Children's Orthopaedic Surgery Foundation, Inc.

Employer identification number 04-2943146

from voting on any matter to which the conflict relates or otherwise influence the voting on such matter.

Form 990, Part VI, Section B, Line 15: All the physicians (top management, officers, and highly compensated individuals) fall under compensation guidelines determined by Harvard University with limitations established for certain positions/ranks within the medical school. Annually, compensation is reviewed and reported to Boston Children's Hospital's (the Hospital) Board of Trustees to ensure that total direct and indirect compensation does not exceed the pre-determined guidelines of Harvard University. Any new indirect benefit plan requires approval by the Foundation's Board of Directors, which then must be reviewed and permitted by the Hospital. Major procedures of the approval process involve: comparing compensation data of physicians within the comparable field of medicine; indirect compensation currently being offered; and the financial stability of the Foundation. The process was followed for year ended June 30, 2012.

Form 990, Part VI, Section C, Line 19: The Foundation maintains all financial records, conflict of interest policies, and governing documents at its main office at 300 Longwood Avenue, Boston, MA 02115. The documents are available upon request.

Form 990, Part XI, line 5, Changes in Net Assets:

Net unrealized losses on investments: -180,275.

Part XII, Question 2c: The audit process has not changed from the prior year.

SCHEDULE R
(Form 990)
Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No. 1545-0047
2011
Open to Public Inspection

Name of the organization: Children's Orthopaedic Surgery Foundation, Inc.

Employer identification number: 04-2943146

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

(a) Name, address, and EIN 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" to 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
Boston Children's Hospital - 04-2774441 300 Longwood Avenue Boston, MA 02115	Hospital	Massachusetts	501(c)(3)	Line 3	N/A		X
Physicians' Org. at Children's Hospital, Inc. - 04-3266103, 300 Longwood Avenue, Boston, MA 02115	Physician Organization	Massachusetts	501(c)(3)	Line 11a, I	N/A		X

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

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01-23-12 LHA

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to 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

Part V **Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

			Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.				
1	During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a	Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a		X
b	Gift, grant, or capital contribution to related organization(s)	1b	X	
c	Gift, grant, or capital contribution from related organization(s)	1c		X
d	Loans or loan guarantees to or for related organization(s)	1d		X
e	Loans or loan guarantees by related organization(s)	1e		X
f	Sale of assets to related organization(s)	1f		X
g	Purchase of assets from related organization(s)	1g		X
h	Exchange of assets with related organization(s)	1h		X
i	Lease of facilities, equipment, or other assets to related organization(s)	1i		X
j	Lease of facilities, equipment, or other assets from related organization(s)	1j		X
k	Performance of services or membership or fundraising solicitations for related organization(s)	1k	X	
l	Performance of services or membership or fundraising solicitations by related organization(s)	1l	X	
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	X	
n	Sharing of paid employees with related organization(s)	1n	X	
o	Reimbursement paid to related organization(s) for expenses	1o	X	
p	Reimbursement paid by related organization(s) for expenses	1p	X	
q	Other transfer of cash or property to related organization(s)	1q		X
r	Other transfer of cash or property from related organization(s)	1r		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 other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

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

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01-23-12

Part VII **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

NOT SENT WITH SECOND EXTENSION PER MICHELLE KING

Form **8868** (Rev. January 2012) Department of the Treasury Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▷ File a separate application for each return.

OMB No 1545-1709

• If you are filing for an **Automatic 3-Month Extension, complete only** Part I and check this box . . . . ▷ ☐
• If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).
Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (*e-file*). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits.*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only . . . . ▷ ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or ☐
File by the due date for filing your return. See instructions	Number, street, and room or suite no If a P O. box, see instructions.	Social security number (SSN) ☐
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	

Enter the Return code for the return that this application is for (file a separate application for each return) . . . . ☐☐

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ▷ ____________

Telephone No ▷ ____________ FAX No. ▷ ____________

• If the organization does not have an office or place of business in the United States, check this box . . . . ▷ ☐
• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______ . If this is for the whole group, check this box . . . ▷ ☐ . If it is for part of the group, check this box . . . . . ▷ ☐ and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until ____________ , 20 ____ , to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▷ ☐ calendar year 20 ____ or
▷ ☐ tax year beginning ____________ , 20 ____ , and ending ____________ , 20 ____ .

2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	$
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	$
c	Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

• If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box . . . . . ▶ ☑

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II **Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return See instructions.	Name of exempt organization or other filer, see instructions. Children's Orthopaedic Surgery Foundation, Inc.	Employer identification number (EIN) or ☑ 04-2943146
	Number, street, and room or suite no. If a P.O box, see instructions. 300 Longwood Avenue	Social security number (SSN) ☐
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Boston, MA 02115	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

• The books are in the care of ▶ Dean Bauer, 300 Longwood Avenue, Boston, MA 02115

Telephone No. ▶ 617-355-8699 FAX No. ▶ N/A

• If the organization does not have an office or place of business in the United States, check this box . . . . ▶ ☐

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) N/A . If this is for the whole group, check this box . . . ▶ ☐ . If it is for part of the group, check this box . . . ▶ ☐ and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until May 15 , 20 13 .

5 For calendar year ______ , or other tax year beginning July 1 , 20 11 , and ending June 30 , 20 12 .

6 If the tax year entered in line 5 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

7 State in detail why you need the extension We are in the process of compiling all of the necessary documentation to ensure that we file an accurate and complete return.

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	$
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	$
c	**Balance due.** Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	$

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ Title ▶ PRESIDENT Date ▶ 01/17/2013

CHILDREN'S ORTHOPAEDIC SURGERY FOUNDATION, INC.

Financial Statements and
Additional Information

Years Ended June 30, 2012 and 2011

Contents

INDEPENDENT AUDITORS' REPORT

Board of Directors
Children's Orthopaedic Surgery Foundation, Inc.

We have audited the accompanying statements of financial position of Children's Orthopaedic Surgery Foundation, Inc. (the Foundation) as of June 30, 2012 and 2011, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Orthopaedic Surgery Foundation, Inc. as of June 30, 2012 and 2011, and the results of its operations, changes in its net assets, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Baker Newman & Noyes
Limited Liability Company

Boston, Massachusetts
December 19, 2012

CHILDREN'S ORTHOPAEDIC SURGERY FOUNDATION, INC.

Statements of Financial Position

June 30, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	**$ 8,314,352**	$ 7,422,264
Investments	**30,680,909**	30,192,023
Accounts receivable, net of allowance for uncollectible accounts of $315,170 in 2012 and $275,420 in 2011	**3,836,674**	3,534,388
Due from Children's Hospital	**579,080**	276,076
Due from Physicians' Organization	**54,423**	1,035,819
Due from Children's Sports Medicine Foundation, Inc.	**1,088,757**	1,287,508
Due from Harvard Medical School	**128,548**	51,377
Notes receivable – employees	**781,166**	701,167
Prepaid expenses and other	**160,255**	67,277
Total current assets	**45,624,164**	44,567,899
Assets limited as to use:		
Board designated	**5,289,409**	4,934,097
Restricted funds	**678,923**	794,248
	5,968,332	5,728,345
Property and equipment, net	**246,041**	252,188
Notes receivable – employees, net of current portion	**1,408,500**	1,729,666
Total assets	**$ 53,247,037**	$ 52,278,098
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 388,081**	$ 571,432
Due to Children's Hospital	**1,391,456**	1,157,924
Due to Children's Sports Medicine Foundation, Inc.	**614,133**	1,044,317
Due to Physicians' Organization	**449,545**	162,876
Patient deposits	**16,407**	5,154
Total current liabilities	**2,859,622**	2,941,703
Accrued professional liability	**1,019,717**	909,627
Accrued deferred compensation obligation	**2,477,024**	2,123,176
Accrued severance plan obligation	**2,812,385**	2,810,921
Total liabilities	**9,168,747**	8,785,427
Net assets:		
Unrestricted	**43,399,366**	42,698,423
Temporarily restricted	**678,923**	794,248
Total net assets	**44,078,289**	43,492,671
Total liabilities and net assets	**$ 53,247,037**	$ 52,278,098

See accompanying notes.

CHILDREN'S ORTHOPAEDIC SURGERY FOUNDATION, INC.

Statements of Operations and Changes in Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Patient service revenue, net of contractual allowances and discounts	**$ 27,902,163**	$ 24,969,375
Less provision for bad debts	**915,458**	642,718
Patient service revenue, net	**26,986,705**	24,326,657
Other revenues:		
Other service revenue	**9,749,188**	10,274,049
Service, research and other miscellaneous revenue	**526,913**	812,568
Administration, supervision, and teaching revenue	**370,362**	367,960
Net assets released from restrictions	**135,325**	345,566
Total revenues	**37,768,493**	36,126,800
Operating expenses:		
Program expenses	**21,659,529**	21,215,356
Contributions – Children's Hospital	**5,027,910**	75,000
General and administrative expenses	**10,919,419**	10,045,230
Total operating expenses	**37,606,858**	31,335,586
Operating income	**161,635**	4,791,214
Nonoperating gains (losses):		
Investment income	**719,583**	544,695
Change in value of the P.O. Pooled Investment Fund	**(190,702)**	1,745,885
Net realized and unrealized gains (losses) on investments	**10,427**	(110,229)
Total nonoperating gains (losses)	**539,308**	2,180,351
Excess of revenues over expenses	**700,943**	6,971,565
Temporarily restricted net assets:		
Contributions	**20,000**	255,000
Net assets released from restrictions	**(135,325)**	(345,566)
Decrease in temporarily restricted net assets	**(115,325)**	(90,566)
Increase in net assets	**585,618**	6,880,999
Net assets at beginning of year	**43,492,671**	36,611,672
Net assets at end of year	**$ 44,078,289**	$ 43,492,671

See accompanying notes.

CHILDREN'S ORTHOPAEDIC SURGERY FOUNDATION, INC.

Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Operating activities:		
Increase in net assets	**$ 585,618**	$ 6,880,999
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Restricted contributions	**(20,000)**	(255,000)
Net realized and unrealized (gains) losses on investments	**(10,427)**	110,229
Change in value of the P.O. Pooled Investment Fund	**190,702**	(1,745,885)
Depreciation	**16,712**	16,272
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Investments classified as trading	**(669,161)**	(6,145,110)
Accounts receivable, net	**(302,286)**	96,222
Due from Children's Hospital	**(303,004)**	99,911
Due from Physicians' Organization	**981,396**	(350,303)
Due from Harvard Medical School	**(77,171)**	137,849
Due from Children's Sports Medicine Foundation, Inc.	**198,751**	(306,177)
Prepaid expenses and other	**(92,978)**	(10,696)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**(183,351)**	40,609
Due to Children's Hospital	**233,532**	181,605
Due to Physicians' Organization	**286,669**	162,876
Due to Children's Sports Medicine Foundation, Inc.	**(430,184)**	892,392
Patient deposits	**11,253**	(49,929)
Accrued severance plan obligation	**1,464**	291,591
Accrued deferred compensation obligation	**353,848**	611,986
Accrued professional liability	**110,090**	166,167
Net cash provided by operating activities	**881,473**	825,608
Investing activities:		
Decrease in notes receivable – employees	**241,167**	151,167
Increase in assets limited as to use	**(239,987)**	(813,011)
Purchases of property and equipment	**(10,565)**	–
Net cash used in investing activities	**(9,385)**	(661,844)
Financing activities:		
Proceeds from restricted contributions	**20,000**	255,000
Net cash provided by financing activities	**20,000**	255,000
Increase in cash and cash equivalents	**892,088**	418,764
Cash and cash equivalents at beginning of year	**7,422,264**	7,003,500
Cash and cash equivalents at end of year	**$ 8,314,352**	$ 7,422,264

See accompanying notes.

1. Summary of Significant Accounting Policies

Nature of the Foundation

Children's Orthopaedic Surgery Foundation, Inc. (the Foundation), located in Boston, Massachusetts, was incorporated on November 1, 1986 as a not-for-profit corporation under Massachusetts General Laws, Chapter 180. It is an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The Foundation was organized and operates exclusively for the benefit of Children's Hospital (the Hospital) and the Harvard Medical School (Harvard). The Foundation is subject to established policies, practices and procedures of the Hospital and Harvard.

Organized exclusively for charitable, scientific and educational purposes, the Foundation provides orthopaedic surgery services primarily to patients at the Hospital and its satellite locations. The Foundation carries on and promotes basic and applied medical research and education in the field of orthopaedics by teaching students and other medical and scientific personnel; by providing or supplementing income to research personnel through fellowships, research grants and stipends; and by giving lectures and publishing information concerning problems and research results in the field of pediatric orthopaedics in order to educate the general public and the medical profession.

The Foundation may charge for patient care, other medical services and related products, provided that any net income be used exclusively for the charitable, scientific and educational purposes for which the Foundation was created. The Foundation accommodates patients from around the world, but patients are primarily from the Northeast.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include financial instruments with original maturities of less than 90 days, excluding amounts included in assets limited as to use. The Foundation maintains cash balances with financial institutions that may exceed federal depository insurance limits; however, management believes the credit risk related to these financial institutions is minimal. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant risk at June 30, 2012.

1. Summary of Significant Accounting Policies (continued)

Investments and Investment Income

The Foundation classifies its investments as trading, with investment income (including realized and unrealized gains and losses on investments, interest, and dividends) included in the excess of revenues over expenses unless the income is restricted by donor or law. Investments in marketable equity and debt securities and mutual funds are carried at quoted market values of the investments at the statements of financial position date.

Investments include amounts invested in the P.O. Pooled Investment Fund. The Foundation's policy is to record its ownership interest in these investments using the equity method of accounting. Under the equity method, the Foundation recognizes its share of the increase or the decrease of the fund's fair value as a nonoperating gain or loss.

Investments, in general, are exposed to various risks such as interest rates, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near terms and that such changes could materially affect the amounts reported in the statements of financial position, operations and changes in net assets.

Assets Limited as to Use

Assets limited as to use represent assets held in trust that are available to pay for future benefits to participants of the deferred compensation and severance plans, and investments whose use has been restricted by donors to a specific time period or purpose.

Property and Equipment

Property and equipment are recorded at cost, or in the case of gifts, at fair market value when received. Expenditures for maintenance and repairs are charged against operations. Certain equipment purchases are donated to the Hospital and charged against operations. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Estimated lives will vary by asset category.

Income Taxes

The Foundation is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items, including unrelated business income or tax status. Management of the Foundation has evaluated the positions taken on the Foundation's filed tax returns and has concluded that no uncertain income tax positions exist at June 30, 2012. The Foundation's tax years from 2009 through 2012 are potentially subject to examination.

1. **Summary of Significant Accounting Policies (continued)**

Professional Liability

The Foundation and its physicians/employees are insured against professional liability by Controlled Risk Insurance Company, Ltd. (CRICO), a corporation formed and wholly owned by the Harvard-affiliated medical institutions. The policy is written on a claims-made basis. Management is not aware of any uninsured claims or other matters that would materially affect the amounts provided for professional liability coverage in the financial statements.

Net Assets

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets, and related revenues, expenses, gains, and losses, are classified based upon the existence of donor-imposed restrictions, if any. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – net assets that are not subject to donor-imposed stipulations. These assets represent the resources over which the Board of Directors has discretionary control to use in carrying on the operations of the Foundation.

Unrestricted – Board Designated Net Assets – net assets that are not subject to donor-imposed stipulations which have been designated by the Board of Directors for specific purposes. The Board of Directors has designated a portion of investments to fund the Foundation's deferred compensation and severance plan obligations which totaled $5,289,409 and $4,934,097 at June 30, 2012 and 2011, respectively.

Temporarily Restricted Net Assets – net assets that are subject to donor-imposed stipulations. These assets represent the resources that have been restricted by the donor for recruitment, research activities and quality improvement initiatives. As related expenses are incurred, the assets are released from restrictions.

During the year ended June 30, 2011, the Hospital contributed $125,000 to the Foundation. These assets are temporarily restricted by the donor for use in recruitment for physicians and quality improvement initiatives.

Harvard Medical Facility Physicians at Beth Israel Deaconess Medical Center, Inc. made a donation to the Foundation of $130,000 in the year ended June 30, 2011 to send physicians to Florence, Italy to perform services and training to participating hospitals.

Waltz Zimbler Leg Foundation made a donation to the Foundation of $20,000 in the year ended June 30, 2012 to be applied to the cost of orthopedic surgery for a child who is disabled due to leg problems.

1. Summary of Significant Accounting Policies (continued)

Patient Service Revenue, Net

Patient service revenue, net is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated contractual allowances under reimbursement agreements with third-party payors and uncollectable accounts reflected as a provision for bad debt.

Charitable Care

The Foundation provides care to patients who meet certain criteria under the Foundation's free care policy without charge or at amounts less than its established rates. Because the Foundation does not pursue collection of amounts determined to qualify as free care, they are not reported as revenue.

The Foundation maintains records to identify and monitor the level of free care it provides. The Foundation identified $334,690 and $121,917 of foregone charges for services furnished under its free-care policy for the years ended June 30, 2012 and 2011, respectively. To calculate the cost associated with these charges, the Foundation utilizes a cost to charge ratio. The total cost of providing care for patients that qualified for free care was $258,998 and $95,996 for the years ended June 30, 2012 and 2011, respectively.

In addition to providing free care, the Foundation supports other expenses relating to research and training of residents and fellows, as well as direct contributions related to support of its tax-exempt purposes. Such amounts were $6,669,929 and $2,546,351 for the years ended June 30, 2012 and 2011, respectively.

Operating Income

Transactions deemed by management to be ongoing, major or central to the provision of health care services, educational and research activities are reported as operating revenue and expenses. Peripheral or incidental transactions, which include investment income, and realized and unrealized gains and losses on investments, are reported as nonoperating gains and losses.

Excess of Revenues over Expenses

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Patient Deposits

The balance of this account represents deposits received in the current year for services to be performed subsequent to the fiscal year end.

1. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2011 statements of operations and changes in net assets have been reclassified to reflect the adoption of changes to the presentation of the provision for bad debts, which has been reclassified from an operating expense to a deduction from net patient service revenue. There was no impact to the statement of financial position or the excess of revenues over expenses attributable to the Foundation for all periods presented as a result of this change.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through December 19, 2012 which is the date the financial statements were available to be issued.

2. Related Party Transactions

Operations

The Foundation was organized and is operated exclusively for the benefit of the Hospital and Harvard. Certain key members of the Foundation's management are employees of the Hospital. The statement of principles and procedures between the Foundation and the Hospital provides that the Orthopaedic Surgeon-in-Chief of the Hospital shall be the president of the Foundation. Under the Harvard system of joint appointments, each member of the Department of Orthopaedic Surgery is also a faculty member of Harvard Medical School and is automatically a member of the Foundation and has privileges at the Hospital. The Foundation's budgets are subject to the Hospital's approval. Accordingly, the Board of Trustees of the Hospital may have significant influence over the Foundation's operating procedures.

Transactions

The Foundation receives income from the Hospital and Harvard for providing administration, supervision and teaching services. Total income earned from the Hospital amounted to $340,971 and $342,842 the years ended June 30, 2012 and 2011, respectively. Total income earned from Harvard amounted to $29,391 and $25,118 during the years ended June 30, 2012 and 2011, respectively.

Certain physician employees of the Foundation also perform services for Children's Sports Medicine Foundation, Inc. (Sports Medicine). Sports Medicine performs all the support services for this activity and bills for the services performed. By mutual agreement between the two Foundations, Sports Medicine withholds certain fees and remits the balance of net collections to the Foundation where all the practice expenses for the physicians are paid. Sports Medicine remitted to the Foundation $5,235,060 and $5,062,962 during the years ended June 30, 2012 and 2011, respectively. In other related party transactions, the total amounts paid to Sports Medicine amounted to $733,672 and $720,869 for years ended June 30, 2012 and 2011, respectively.

2. Related Party Transactions (continued)

In an effort to generate cost savings, the Hospital has a purchased services program in which the Foundation participates. Medical and office supplies (and a variety of other services) are ordered by the Foundation through the Hospital's purchasing department. Certain Hospital employees perform medical support and administrative services for the Foundation, and the Foundation uses certain Hospital medical and administrative equipment.

Included in operating expenses are expense reimbursements to the Hospital for expenses incurred on the Foundation's behalf in the amount of $6,226,954 and $5,528,468 for the years ended June 30, 2012 and 2011, respectively. These include reimbursements to the Hospital for salaries and fringes in the amount of $6,018,759 and $5,253,796 for the years ended June 30, 2012 and 2011, respectively.

In addition, the Foundation acquires professional liability malpractice insurance through Children's Hospital, as part of a pool that includes physicians affiliated with Harvard. Malpractice insurance expense amounted to $848,625 and $835,620 for the years ended June 30, 2012 and 2011, respectively.

Due to Physicians' Organization

The Physicians' Organization at Children's Hospital, Inc. (the P.O.) serves as a Class C member of the Foundation. Working in conjunction with Children's Hospital, the P.O. provides coordination and general oversight of their pediatric clinical and surgical practices and related health care services. The P.O. charges the Foundation dues for these services and for direct costs associated with managing the P.O. Pooled Investment Fund. The Foundation paid the P.O. dues in the amount of $285,122 and $189,148 during the years ended June 30, 2012 and 2011, respectively.

The Foundation participates in the P.O.'s group health and dental insurance programs. The Foundation paid the P.O. $253,892 and $182,086 for such insurances during the years ended June 30, 2012 and 2011, respectively.

The balance of due to P.O. represents amounts due to the P.O. for membership dues. The amount due to the P.O. was $449,545 and $162,876 at June 30, 2012 and 2011, respectively.

Due from Physicians' Organization

The P.O. and the Hospital have entered into a financial risk sharing agreement to jointly provide clinical and financial oversight of ambulatory centers for the delivery of services by the Hospital and affiliated physician foundations. The agreement calls for the Hospital to provide billing and collection services and to reimburse the P.O., if the ambulatory centers yield a surplus from operations on an annual basis. The P.O. is not required, but elected to distribute $1,302,861 for the year ended June 30, 2011 to the Foundation for its participation at these ambulatory centers. The P.O. also leases an employee from the Foundation. The P.O. paid the Foundation $421,088 and $414,224 for the years ended June 30, 2012 and 2011, respectively.

The balance of this account represents amounts due from the P.O. for the Foundation's participation in these ambulatory centers and for a leased employee. The total amounts due from the P.O. amounted to $54,423 and $1,035,819 at June 30, 2012 and 2011, respectively.

2. Related Party Transactions (continued)

Due from Children's Sports Medicine Foundation

The balance of this account represents amounts due from Sports Medicine for patient services and certain shared expenses. At June 30, 2012 and 2011, Sports Medicine owed the Foundation $1,088,757 and $1,287,508, respectively.

Due to Children's Sports Medicine Foundation

The balance of this account represents amounts due to Sports Medicine for services performed related to certain Foundation employees. At June 30, 2012 and 2011, the Foundation owed Sports Medicine $614,133 and $1,044,317, respectively.

Due from Children's Hospital

The balance of this account represents amounts due from the Hospital primarily for grants, salary and fringe reimbursements, and certain other transactions. At June 30, 2012 and 2011, the Hospital owed the Foundation $579,080 and $276,076, respectively.

Due to Children's Hospital

The balance of this account represents amounts due to the Hospital primarily for purchased services and certain other transactions. At June 30, 2012 and 2011, the Foundation owed the Hospital $1,391,456 and $1,157,924, respectively.

Contributions – Children's Hospital

In September 2011, the Foundation voted to donate $5,000,000 to the Hospital to set up the Clinical Research Department Fund. The contribution was paid in November 2011. In addition, the Foundation also made several smaller donations to the Hospital totaling $27,910 and $75,000 during the years ended June 30, 2012 and 2011, respectively.

Due from Harvard Medical School

The balance of this account represents amounts due from Harvard for providing teaching services and reimbursement for research related expenses. Harvard owed the Foundation $128,548 and $51,377, which includes reimbursements due to others included in accrued expenses, at June 30, 2012 and 2011, respectively.

P.O. Pooled Investment Fund, LLC

In 2007, the P.O. established the P.O. Pooled Investment Fund, LLC (the P.O. Pooled Investment Fund) for the benefit of its affiliated physician foundations. The P.O. is the manager of the P.O. Pooled Investment Fund. The P.O. Pooled Investment Fund attempts to mirror the investment performance of the Hospital's endowment fund, and all investment decisions are made based on the actions of the Hospital's investment committee. At June 30, 2012 and 2011, the Foundation's investment amounted to $17,198,453 and $17,389,155, respectively, in the P.O. Pooled Investment Fund. The Foundation accounts for its ownership interests in the P.O. Pooled Investment Fund under the equity method of accounting.

3. Investments

Investments are stated at fair value and include the following at June 30:

	2012	2011
Cash and cash equivalents	$ 347,574	$ 182,882
Corporate bonds	5,369,719	5,204,342
Municipal bonds	1,809,052	2,289,773
U.S. Treasury notes	538,730	–
Interest in the P.O. Pooled Investment Fund	17,198,453	17,389,155
Mortgage-backed securities	5,417,381	5,125,871
Total investments – operating	$ 30,680,909	$ 30,192,023

The following schedule summarizes the investment return (including interest bearing operating cash and cash equivalent accounts) and its classification as nonoperating gains (losses) in the statements of operations and changes in net assets for the years ended June 30:

	2012	2011
Income:		
Interest and dividends	$ 719,583	$ 544,695
Change in value of the P.O. Pooled Investment Fund	(190,702)	1,745,885
Net realized and unrealized gains (losses) on investments	10,427	(110,229)
Total income	$ 539,308	$ 2,180,351

Included in general and administrative expenses are investment management fees of $66,464 and $58,452 for the years ended June 30, 2012 and 2011, respectively.

4. Assets Limited as to Use

The Board of Directors has designated these investments to fund the Foundation's deferred compensation plan and severance plan and investments whose use has been restricted by donors to a specific purpose. Assets limited as to use investments are stated at fair value and consist of the following at June 30:

	2012	2011
Mutual funds	$ 3,977,879	$ 3,232,558
Cash and cash equivalents	853,213	1,122,253
Corporate bonds	887,609	1,019,546
Municipal bonds	85,490	85,519
U.S. treasury notes	164,141	167,834
Mortgage-backed securities	–	100,635
Total assets limited as to use	$ 5,968,332	$ 5,728,345

5. Fair Value Measurements

The Foundation adopted the methods of calculating fair value as described in Accounting Standards Codification (ASC) 820-10 to value its financial assets and liabilities, where applicable. As defined in ASC 820-10, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820-10 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value.

Financial assets carried at fair value as of June 30, 2012 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 1,200,787	$ –	$ –	$ 1,200,787
Debt instruments:				
U.S. Treasury notes	702,871	–	–	702,871
Mortgage-backed securities	–	5,417,381	–	5,417,381
Corporate bonds	–	6,257,328	–	6,257,328
Municipal bonds	–	1,894,542	–	1,894,542
Total debt instruments	702,871	13,569,251	–	14,272,122
Mutual funds:				
U.S. equity funds	3,977,879	–	–	3,977,879
Interest in the P.O.				
Pooled Investment Fund	–	–	17,198,453	17,198,453
Total assets at fair value	$ 5,881,537	$13,569,251	$17,198,453	$36,649,241

Assets detailed above include:	
Investments (note 3)	$30,680,909
Assets limited as to use (note 4)	5,968,332
Total assets at fair value	$36,649,241

5. Fair Value Measurements (continued)

Financial assets carried at fair value as of June 30, 2011 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 1,305,135	$ –	$ –	$ 1,305,135
Debt instruments:				
U.S. Treasury notes	167,834	–	–	167,834
Mortgage-backed securities		5,226,506	–	5,226,506
Corporate bonds	–	6,223,888	–	6,223,888
Municipal bonds	–	2,375,292	–	2,375,292
Total debt instruments	167,834	13,825,686	–	13,993,520
Mutual funds:				
U.S. equity funds	3,232,558	–	–	3,232,558
Interest in the P.O. Pooled Investment Fund	–	–	17,389,155	17,389,155
Total assets at fair value	$ 4,705,527	$13,825,686	$17,389,155	$35,920,368

Assets detailed above include:	
Investments (note 3)	$30,192,023
Assets limited as to use (note 4)	5,728,345
Total assets at fair value	$35,920,368

The Foundation's investment interest in the P.O. Pooled Investment Fund is considered to be a Level 3 asset. The investment interest is considered as a Level 3 asset as legal interest is its pro rata portion of the P.O. Pooled Investment Fund and not the P.O. Pooled Investment Fund's underlying assets. The Foundation's interest is valued based upon its pro rata ownership of the total P.O. Pooled Investment Fund. The Foundation had no commitment to make additional investments in the P.O. Pooled Investment Fund at June 30, 2012 and 2011. Redemptions from the P.O. Pooled Investment Fund can be made monthly but may be subject to a redemption notice period of up to 180 days. The P.O. Pooled Investment Fund's assets consisted of the following for the years ended June 30:

	2012	2011
Managed accounts	**11%**	13%
Mutual fund – equity, fixed income and exchange traded funds, and common stock	**54**	53
Hedge funds	**29**	31
Cash and cash equivalents	**6**	3
Total	**100%**	100%

5. Fair Value Measurements (continued)

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a rollforward of the statement of financial position amounts for financial instruments classified by the Foundation in Level 3 of the valuation hierarchy defined above as of June 30, 2012 and 2011:

Fair value at July 1, 2011	$17,389,155
Change in value of the P.O. Pooled Investment Fund:	
Interest income	108,224
Net realized gains	1,515
Net unrealized losses	(300,441)
Fair value at June 30, 2012	$17,198,453
Fair value at July 1, 2010	$ 6,643,270
Change in value of the P.O. Pooled Investment Fund:	
Interest income	130,580
Net realized gains	245,793
Net unrealized gains	1,369,512
Purchases of investments	9,000,000
Fair value at June 30, 2011	$17,389,155

6. Property and Equipment, Net

Property and equipment, net consists of the following at June 30:

	2012	2011
Office equipment	$ **330,507**	$ 330,507
Leasehold improvements	**166,774**	156,209
Property – condominium	**264,239**	264,239
Total property and equipment	**761,520**	750,955
Less accumulated depreciation	**(515,479)**	(498,767)
Property and equipment, net	**$ 246,041**	$ 252,188

Depreciation expense amounted to $16,712 and $16,272 for the years ended June 30, 2012 and 2011, respectively.

7. Notes Receivable

The Foundation has provided secured loans to employees. The loans bear interest at rates ranging from interest free up to 4.89%. At June 30, 2012 and 2011, the balances of loans outstanding are $2,189,666 and $2,430,833, respectively, with a current portion of $781,166 in 2012 and $701,167 in 2011. Interest income amounted to $48,398 and $55,293 for the years ended June 30, 2012 and 2011, respectively. Future amounts due at June 30, 2012 are $781,166 in 2013, $714,500 in 2014, $274,000 in 2015, $170,000 in 2016, $150,000 in 2017, $100,000 in 2018 and thereafter.

8. Pension Plans

The Foundation established the Children's Orthopaedic Surgery Foundation, Inc. Money Purchase Pension Plan (the Plan), effective as of September 1, 1990. Effective September 1, 2008, the Foundation amended and restated their pension plan to the Children's Orthopaedic Surgery Foundation, Inc. Profit Sharing Plan. The first short year of the plan ended as of June 30, 2009. All classes of employees are eligible to participate once they meet certain age and length-of-service requirements. The Plan is invested with the Physicians' Organization Group Trust. The Foundation must make an annual contribution to the Plan of 25% of eligible compensation, which amounted to $1,190,625 and $1,118,042 for the years ended June 30, 2012 and 2011, respectively.

The Foundation established the Children's Orthopaedic Surgery Foundation, Inc. 403(b) Plan (the 403(b) Plan), effective as of July 1, 1995. The 403(b) Plan allows eligible employees to elect to defer a portion of their compensation, up to $17,000 and $16,500 per calendar year, for the years 2012 and 2011, respectively, for participants under age 50 and $22,500 and $22,000 per year for those age 50 and older. Employees become participants on the first day of the month following or coincident with the performance of one hour of service. The president of the Foundation may not participate. Contributions to the 403(b) Plan from salary reductions amounted to $374,000 and $341,000 for the years ended June 30, 2012 and 2011, respectively.

The Foundation established the Children's Orthopaedic Surgery Foundation, Inc. 457(b) Plan (the 457(b) Plan), effective as of October 1, 2003. Employees become participants on the first day of the month following or coincident with the performance of one hour of service. The plan requires funds to be set aside in a trust, or otherwise, to fulfill the liability of the Foundation. All amounts remain subject to claims of the Foundation's creditors. The maximum amount that may be contributed to the plan on behalf of a participant for a calendar year may not exceed the Internal Revenue Service limits of $17,000 and $16,500 for the years 2012 and 2011, respectively. The Foundation recorded retirement plan expense amounting to $346,500 and $313,500 for the years ended June 30, 2012 and 2011, respectively. The assets of the Plan are reflected in the accompanying financial statements as assets limited as to use. The Plan's cash and investment balances and the related obligation amounted to $2,477,025 and $2,123,176 as of June 30, 2012 and 2011, respectively.

While the Foundation expects to continue the Plans indefinitely, it has reserved the right to modify, amend or terminate the Plans. In the event of termination, the entire amount contributed under the Plans must be applied to the payment of benefits to the participants or their beneficiaries.

9. Severance Benefit Plan

The Foundation established a nonqualified severance benefit plan called the Children's Orthopaedic Surgery Foundation, Inc. Severance Benefit Plan, effective as of September 1, 1991, to supplement the severance, death or disability benefits available to certain employees of the Foundation. The Board of Directors designates eligible employees and determines benefits.

The Severance Benefit Plan was frozen as of December 31, 2004. Although the assets of the trust have been irrevocably set aside for payment of deferred compensation benefits, they are subject first to the claims of the Foundation's creditors in the event the Foundation is subject to bankruptcy proceedings.

The assets of the trust are reflected in the accompanying financial statements as assets limited as to use. The Plan's cash and investment balances, and the related obligation, amount to $2,812,384 and $2,810,921 as of June 30, 2012 and 2011, respectively.

10. After-Tax Plan

The Foundation established a nonqualified benefit plan called the Children's Orthopaedic Surgery Foundation, Inc. After-Tax Plan, effective as of July 1, 1995, to accumulate funds for the payment of educational and medical expenses for certain employees of the Foundation. The Board of Directors designates eligible employees. Participants may request distributions for payment of tuition and other educational expenses, medical school loans, IRC Code Section 529 plans, medical expenses or on account of financial hardship. Contributions to the Plan are included as compensation and taxed to the respective participant when made. Upon a participant's death or other termination from the Foundation, all remaining benefits are paid directly to the respective participant or his/her designated beneficiary.

Contributions are determined by the participants, and amounted to $3,056,000 and $3,523,000 for the years ended June 30, 2012 and 2011, respectively.

11. Medical Expense Reimbursement Plan

The Foundation amended and restated the Children's Orthopaedic Surgery Foundation, Inc. Self-Insured Medical Expense Reimbursement Plan (the Medical Expense Plan), effective January 1, 2003. The Board of Directors designates eligible employees. Participants may receive reimbursement up to $20,000 per calendar year for medical expenses for him or herself, his or her spouse and dependents for care, diagnosis, prevention or treatment of a medical condition that is not reimbursed through other means. The Foundation incurred expenses under this plan totaling $63,631 and $88,906 for the years ended June 30, 2012 and 2011, respectively.

12. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, as of June 30:

	2012	2011
Gross patient service billings	**$ 41,545,852**	$ 39,086,463
Less contractual allowances and provision for bad debts	**(14,559,147)**	(14,759,806)
Net patient service revenue	**$ 26,986,705**	$ 24,326,657

The Foundation has agreements with third-party payors that provide for payments to the Foundation at amounts different from its established rates. The allowance for contractual allowances and bad debts is based upon these agreements and upon the Foundation's collection experience. The Foundation grants credit without collateral to its patients, many of whom are local residents and are insured under third-party payor agreements.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Foundation believes that it is in compliance with applicable laws and regulations, and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Revenues from third-party payors, the uninsured and other revenues are summarized as follows for the fiscal years ended June 30:

	2012	2011
Blue Cross/Blue Shield	**$ 11,201,885**	$ 9,482,270
Commercial/other managed care	**13,072,304**	10,718,767
Medicaid	**989,949**	2,694,930
Neighborhood health plan	**1,054,059**	1,065,483
Other governmental	**280,907**	131,687
Self-pay	**645,288**	464,647
	27,244,392	24,557,784
Other	**657,771**	411,591
Revenues before provision for doubtful accounts	**27,902,163**	24,969,375
Provision for doubtful accounts	**(915,458)**	(642,718)
Net patient service revenue	**$ 26,986,705**	$ 24,326,657

12. Net Patient Service Revenue (continued)

Accounts receivable are reduced by an allowance for doubtful accounts in evaluating the collectibility of accounts receivable. The Foundation 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 Foundation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay balances, the Foundation 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 and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Accounts receivable, net of allowances for contractual allowances and bad debt, from patients and third-party payors were as follows as of June 30:

	2012	**2011**
Blue Cross	**28%**	25%
Managed care	**24**	19
Commercial	**22**	22
Medicare and Medicaid	**19**	27
Other	**7**	7
Total	**100%**	100%

13. Functional Expenses

Total operating expenses of the Foundation, by function, are as follows for the years ended June 30:

	2012	**2011**
Health care services	**$ 21,659,529**	$ 21,215,356
Contributions – Children's Hospital	**5,027,910**	75,000
General and administrative	**10,919,419**	10,045,230
Total operating expenses	**$ 37,606,858**	$ 31,335,586

14. Professional Liability

The Foundation and its physicians/subcontractors are insured against professional and general liability insurance coverage by CRICO, a corporation formed and wholly owned by the Harvard-affiliated medical institutions. The professional liability insurance policy is written on a claims-made basis. The Foundation accrues a liability for claims incurred but not reported. The liability was $1,019,717 and $909,627 at June 30, 2012 and 2011, respectively.

14. Professional Liability (continued)

Professional liability insurance expenses, net of recoveries, are as follows:

	2012	2011
Professional liability insurance premiums net of recoveries	$ 738,535	$ 669,454
Increase in reserve for incurred, but not reported professional liability claims	110,090	166,166
Total operating expenses	$ 848,625	$ 835,620

15. Commitments

Operating Leases

The Foundation is obligated under noncancelable operating leases for office equipment. Equipment rental expense amounted to $11,679 and $9,544 for the years ended June 30, 2012 and 2011, respectively. The future minimum lease payments at June 30 are as follows:

2013	$10,743
2014	7,227
2015	6,032
2016	6,032
2017	4,524

Rent Expense

During the years ended June 30, 2012 and 2011, the Hospital charged the Foundation for clinic space at the Hospital and satellite locations, under formal leases agreements. Rent expense amounted to $702,852 and $623,582 for the years ended June 30, 2012 and 2011, respectively.

16. Contingencies – Complaints and Investigations

The Foundation is subject to complaints, claims and litigation which may arise in the normal course of business. In addition, the Foundation is subject to investigations by various Federal and State government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. Recently, governmental review of compliance by health care institutions, including the Foundation, has increased. Complaints, claims and litigation or investigations could occur directly or indirectly as a result of the Foundation's affiliation with Children's Hospital.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Board of Directors
Children's Orthopaedic Surgery Foundation, Inc.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Newman & Noyes
Limited Liability Company

Boston, Massachusetts
December 19, 2012

CHILDREN'S ORTHOPAEDIC SURGERY FOUNDATION, INC.

Schedules of Program Expenses

June 30, 2012 and 2011

	2012	2011
Salaries and wages	**$15,348,433**	$14,801,897
Retirement plan expense	**1,861,125**	1,753,542
Fringe benefits	**987,082**	837,349
Professional liability insurance	**848,625**	835,620
Grants, research and education	**709,439**	1,092,392
Professional education, dues and publications	**460,912**	526,160
Payroll taxes	**425,002**	394,348
Outside medical services	**409,391**	388,822
Parking and auto expense	**339,750**	324,350
Donations	**140,970**	131,660
Orthopedic resource center	**98,486**	98,298
Medical supplies	**30,314**	30,918
Total program expenses	**$21,659,529**	$21,215,356

CHILDREN'S ORTHOPAEDIC SURGERY FOUNDATION, INC.

Schedules of General and Administrative Expenses

June 30, 2012 and 2011

	2012	2011
Clinical and clerical expenses	**$ 8,095,382**	$ 7,628,802
Billing and collections	**1,409,590**	1,229,054
Rent expense	**702,852**	623,582
Office expenses and supplies	**399,942**	356,601
Physicians' organization dues	**285,122**	189,148
Consultants	**98,186**	52,543
Telephone	**90,046**	89,274
Investment management fees	**66,464**	58,452
Legal and accounting	**59,485**	60,419
Bank and payroll service fees	**31,924**	25,583
Depreciation	**16,712**	16,272
Equipment rental	**11,679**	9,544
Miscellaneous	**3,913**	6,044
Benefit plan administration fees	**3,000**	4,825
Shared clinic costs, net	**(354,878)**	(304,913)
Total general and administrative expenses	**$10,919,419**	$10,045,230