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Form 990

Return of Organization Exempt From Income Tax

2013

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

► Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form.

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

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013, 2013, and ending 12-31-2013

B Check if applicable	C Name of organization District Medical Group Inc		D Employer identification number 20-8106540
<input type="checkbox"/> Address change	Doing Business As DMG		
<input type="checkbox"/> Name change			
<input type="checkbox"/> Initial return	Number and street (or P O box if mail is not delivered to street address) 2929 E Thomas Road		E Telephone number (602) 470-5000
<input type="checkbox"/> Terminated			
<input type="checkbox"/> Amended return	City or town, state or province, country, and ZIP or foreign postal code Phoenix, AZ 85016		
<input type="checkbox"/> Application pending			G Gross receipts \$ 157,773,791

F Name and address of principal officer Kote Chundu MD 2929 E Thomas Road Phoenix, AZ 85016		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	H(b) Are all subordinates included? If "No," attach a list (see instructions)
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J Website: ► www.dmgaz.org	H(c) Group exemption number ►
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K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►	L Year of formation 2006	M State of legal domicile AZ
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Part I Summary

1 Briefly describe the organization's mission or most significant activities Operate a faculty practice plan for the benefit of the Maricopa County Special Healthcare District, which was created to provide medical education programs, emergency and other services to the medically underserved		
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	9
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	5
5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	792
6 Total number of volunteers (estimate if necessary)	6	0
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0

8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
9 Program service revenue (Part VIII, line 2g)	246,757	1,645
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	124,299,779	156,355,478
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-7,374	6,218
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	597,658	1,333,945
	125,136,820	157,697,286

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	24,610	41,750
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)	84,158,129	99,397,945
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)	34,324,999	51,592,169
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	118,507,738	151,031,864
19 Revenue less expenses Subtract line 18 from line 12	6,629,082	6,665,422

20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
21 Total liabilities (Part X, line 26)	28,110,387	34,501,062
22 Net assets or fund balances Subtract line 21 from line 20	10,687,423	10,412,676
	17,422,964	24,088,386

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 Craig Jones CFO Type or print name and title	2014-11-14 Date
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Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►			Firm's EIN ►	
	Firm's address ►			Phone no	

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

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III **1 Briefly describe the organization's mission**

We are dedicated to improving the health and well-being of individuals in Arizona through an integrated medical group practice based on a balanced program of patient care, education, research and community service

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses \$ 119,439,290 including grants of \$ 38,250) (Revenue \$ 140,566,650)

Established in 1993, by 2010 our 350+ provider multi-specialty group practice evolved into District Medical Group, Inc (DMG), an Arizona not-for-profit healthcare organization, the second largest in Arizona and the largest medical office in the Phoenix area. Our mission is to improve the health and well-being of individuals in the Phoenix area and the entire state of Arizona through this integrated group practice, focusing on patient care, education, research, and community service. We strive to ensure that our patients have equal access to the highest quality, safest care in the most appropriate settings, regardless of a patient's ability to pay. We seek to create and support new programs and services that reflect the needs of all patients, across all spectrums of life- from birth to the elderly, including the most vulnerable, the poor and the underserved. The heart of our mission is providing exceptional and compassionate medical care with no restrictions to our entire community. DMG with its affiliates comprise 70 clinical sites, and approximately 700 providers and 150 non-physician providers. In 2013, DMG served over 17,000 inpatients, 357,000 outpatients, and 98,000 emergency/urgent care visits. During 2013 DMG's direct economic output, including the service economy, is estimated at over \$124 million. The indirect economic benefit to the community is significantly more. District Medical Group staffs the Maricopa Integrated Health System, which includes a 450 bed acute care hospital, a 200 bed inpatient psychiatric hospital, eleven family health centers throughout the valley and a large diagnostic center. DMG also staffs the internationally renowned Arizona Burn Center, the 2nd largest in the US, admitting 874 patients/year and serving over 4,000 patients/year in the outpatient burn clinic, the verified American College of Surgeons Level I trauma center, and Level 2 pediatric trauma center, and the Arizona Children's Center, a NACHRI-certified children's hospital, caring for over 20,000 patients/year between the Pediatric Emergency department, Pediatric Intensive Care Unit, the Neonatal Intensive Care Unit, and the Pediatric inpatient areas, with a dedicated area for pediatric procedural sedations. Among other innovative programs DMG provides are the Refugee Women's Health Clinic, the first of its kind in Arizona, providing culturally-grounded healthcare to the growing refugee and immigrant community, and Mariposa Wings to Safety, whose focus is on victims and families affected by domestic violence and sexual abuse. Through our affiliation with Maricopa Integrated Health System (MIHS) and the University of Arizona College of Medicine, we are a recognized leader in providing high quality, innovative medical care delivered in a fiscally responsible and cost effective manner. As the largest teaching faculty in Phoenix, we annually train over 225 residents and fellows, another 60 in affiliated programs, and supervise 600 medical student rotations. A majority of DMG physicians hold faculty positions with the University of Arizona College of Medicine, giving and attending clinical lectures and other academic events, and actively teaching and supporting scholarship and research activities. In recent years we have been involved in well over 100 active research projects, including industry-sponsored and NIH grants. Some of these were a multicenter, randomized, double-blinded comparative study to evaluate the efficacy, safety and pharmacokinetics of Daptomycin Versus Active Comparator in pediatric subjects with acute hematogenous osteomyelitis due to gram-positive organisms, (TEBOPP) Technology Based Obesity Prevention Project, First Things First NW & SW and First Things First South - Focus to assist families in establishing a medical home and encouraging families to utilize places to obtain immunizations, well child visits, developmental screening and treat chronic and episodic conditions, ascertaining optimum public health intervention to control the spread of methicillin resistant staphylococcus aureus (MRSA) infections in the pediatric population, a proteomic assessment of preterm risk (PAPR) collecting specimens and corresponding clinical data from asymptomatic pregnant women in order to develop a non-invasive test for the prediction of preterm delivery, a randomized, double-blind, triple-dummy trial to compare the efficacy of otamixaban with unfractionated heparin + eptifibatide, in patients with unstable angina/non-ST segment elevation myocardial infarction scheduled to undergo an early invasive strategy, Presumptive Antibiotics in Tube Thoracostomy for Traumatic Hemopneumothorax. A Prospective, Multicenter American Association for the Surgery of Trauma Study, A Randomized, Double-Blind, Parallel-group, Vehicle and Standard of Care-controlled Phase 3 Clinical Trial to Evaluate the Efficacy and Safety of DSC127 in Treating Non-healing Foot Ulcers in Subjects with Diabetes Mellitus, A Randomized, Blinded Placebo and Standard of Care Controlled Efficacy, Safety, and Tolerability Study of up to 20mL of DFA-02 in Patients Undergoing Abdominal Surgery, Comparison of Recovery, Complication Rate and Length of Stay in Patients with Acute versus Chronic Cholecystitis, an open non-controlled multicenter clinical investigation to evaluate efficacy in partial thickness (superficial, deep and mixed) second degree burns when using a soft silicone, silver containing, wound contact layer, Mepitel Ag, Prospective Registry Of MammaPrint in breast cancer patients with an Intermediate recurrence Score (PROMIS), a Phase III, Randomized, Multicenter, Double-Blind, Double-Dummy, Parallel-Group, Comparative Study to Determine the Efficacy, Safety, and Tolerability of Ceftazidime Avibactam (CAZ104) Plus Metronidazole Versus Meropenem in the Treatment of Complicated Intra-Abdominal Infections (cIAIs) in Hospitalized Adults, a Phase III, Randomized, Multicenter, Double-Blind, Double-Dummy, Parallel-Group, Comparative Study to Determine the Efficacy, Safety, and Tolerability of Ceftazidime-Avibactam (CAZ-AVI, formerly CAZ104) Versus Doripenem Followed by Appropriate Oral Therapy in the Treatment of Complicated Urinary Tract Infections, Including Acute Pyelonephritis, With a Gram-Negative Pathogen in Hospitalized Adults, an Open-Label, Controlled, Randomized, Multicenter, Dose Escalation Study Evaluating the Safety and Efficacy of StrataGraft Skin Tissue in Promoting the Healing of the Deep Partial-Thickness Component of Complex Skin Defects as an Alternative of Autografting, Molecular Genetics Studies of Cancer Patients and Their Relatives, an observational prospective study to assess RSV respiratory events among premature infants (32-35 weeks gestational age) an outcome and risk tracking study, a multi-center, randomized, double-blind, parallel group, active-controlled study to evaluate the efficacy and safety of LCZ696 compared to enalapril on morbidity and mortality in patients with chronic heart failure and reduced ejection fraction (PARADIGM), Green Tea Extract in Preventing Cervical Cancer in Patients With Human Papillomavirus and Low-Grade Cervical Intraepithelial Neoplasia, Strategies using Off-Patent antibiotics for Methicillin-Resistant Staphylococcus aureus ("STOP MRSA") - A Phase IIB, multi-center, randomized, double-blind clinical trial, and a Phase 2b/3, multi-center, randomized, double-blind, placebo controlled trial to Evaluate the Safety and Efficacy of Pagibaximab Injection in Very Low Birth Weight (VLBW) Neonates for the Prevention of Staphylococcal Sepsis. DMG believes that creating an institutional culture of scholarship and promoting clinical research improves the health and well-being of all our patients and their communities. DMG physicians are frequent contributors to national peer-reviewed publications and presenters at national medical conferences and workshops, holding active leadership positions in national and international medical societies. DMG providers and employees furnish significant assistance and personal resources to the community as well as outlying areas through health fairs with screenings, immunizations, information and access to integrated services, community outreach events highlighting prenatal screenings, rehabilitation, hospice, senior care, transportation and care coordination, back-to-school and holiday clinics for children and students, childhood and adolescent obesity clinics, and seminars promoting exercise and nutrition in our partnerships with local schools. DMG physicians volunteer their time seeing patients at the Arizona State Health Department, the Crisis Nursery, St. Vincent de Paul, the Red Cross and scores of nonprofit agencies, centers and clinics across the county and the state. [continued after 4(b)]

4b (Code) (Expenses \$ 17,930,335 including grants of \$ 3,500) (Revenue \$ 17,122,773)

The Children's Rehabilitative Services (CRS) program started in 1929 to provide medical services to children who have some of the most serious health conditions and who are enrolled in the Arizona Health Care Cost Containment System (Medicaid). The program in total serves 24,000 members statewide with the DMG location serving approximately 16,000 children including telemedicine visits serving the outlying communities. The CRS Multi-Specialty Interdisciplinary Clinic (MSIC) was designed to present the unique ability to meet the health care requirements of special needs children by offering nearly all specialty and primary care in a single location. The DMG CRS Clinic provides a full spectrum of pediatric specialty care where physicians, therapists, nutritionists, child life specialists, social workers and a host of others can all work together providing vital medical care and support services under one roof in a space specifically designed for this purpose. Through the use of a single electronic medical record, the DMG CRS Clinic improves efficiency and communication between the health care providers, with the goal of improving care while better managing costs. Another innovative approach to healthcare and controlling healthcare costs is the Integrative Health Center, which DMG operates in central Phoenix in association with the University of Arizona Center for Integrative Medicine. The Integrative Health Center provides a full spectrum of primary care services, where the physician takes into account the individual's existing health conditions, lifestyle, diet, and exercise and makes use of a broad range of conventional and complementary health services to best suit that individual's needs. Again, through the use of a single electronic medical record, the Integrative Health Center improves efficiency and communication between the health care practitioners, with the goal of guiding the individual in finding their own path to health and wellness, while better managing costs. DMG also operates the Desert Horizons Clinic, specializing in behavioral health assessment and treatment of children and adults.

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 ► 137,369,625

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

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

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

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

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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

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

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

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

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

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

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part 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 XI

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII

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 and XII is optional

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

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

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV

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 (see instructions)

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

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

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

	Yes	No
1	Yes	
2		No
3		No
4		No
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b		No
11c		No
11d	Yes	
11e	Yes	
11f	Yes	
12a		No
12b	Yes	
13		No
14a		No
14b	Yes	
15		No
16		No
17		No
18		No
19		No
20a		No
20b		

Part IV Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants or 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		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) 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		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II	26	Yes	
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		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a		
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
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		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b	Yes	
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		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . .	1a	318	
b Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . .	1c	Yes	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . .	2a	792	
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year? . . .	3a	No	
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O . . .	3b		
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	No	
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	No	
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No	
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . .	5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a	No	
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . .	6b		
7 Organizations that may receive deductible contributions under section 170(c).	7a	No	
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? . . .	7b		
b If "Yes," did the organization notify the donor of the value of the goods or services provided? . . .	7c	No	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . .	7d		
d If "Yes," indicate the number of Forms 8282 filed during the year . . .	7e	No	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . .	7f	No	
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7g		
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . .	7h		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . .	8		
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? . . .	9a		
9 Sponsoring organizations maintaining donor advised funds.	9b		
a Did the organization make any taxable distributions under section 4966? . . .			
b Did the organization make a distribution to a donor, donor advisor, or related person? . . .			
10 Section 501(c)(7) organizations. Enter	10a		
a Initiation fees and capital contributions included on Part VIII, line 12 . . .	10b		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
11 Section 501(c)(12) organizations. Enter	11a		
a Gross income from members or shareholders . . .	11b		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . .			
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.	13a		
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O	13b		
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . .	13c		
14a Did the organization receive any payments for indoor tanning services during the tax year? . . .	14a	No	
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	14b		

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

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

Section A. Governing Body and Management

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

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	No
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	Yes
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	Yes
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
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	Yes
13 Did the organization have a written whistleblower policy?	13	Yes
14 Did the organization have a written document retention and destruction policy?	14	Yes
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	15a	Yes
b Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
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 AZ
- 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply
 Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 Craig Jones 2929 E Thomas Rd
Phoenix, AZ 85016 (602) 470-5000

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid

- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099- MISC)	(E) Reportable compensation from related organizations (W-2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Office	Key Employee	Highest Compensated	Former			
(1) Phyllis Biedess Community Board Member, Vice Chair	50	X		X				9,000	0	0
(2) James Marovich Community Board Member	50	X						9,000	0	0
(3) William Putnam Community Board Member	50	X						9,000	0	0
(4) Alan Rawls Community Board Member	50	X						9,000	0	0
(5) Ted Williams Community Board Member	50	X						9,000	0	0
(6) Dr Dan Hobohm Bd Chair, Path Chair, VP of Quality	65.00	X		X				430,330	0	34,274
(7) Dr Kote Chundu Bd Member, Pres & CEO, Pediatric Phys	65.00	X		X				1,144,615	0	75,981
(8) Dr Dean Coonrod Bd Member, Secretary, OBGYN Chair	60.00	X		X				384,946	0	77,660
(9) Dr David Wisinger Bd Member, CMO, Int Medicine Chair	65.00	X		X				488,273	0	78,174
(10) Peg Loos Chief Operating Officer	50.00			X				228,072	0	34,534
(11) Craig Jones CFO, Treasurer	50.00			X				206,572	0	51,375
(12) Dr Daniel Caruso Surgery Chair	60.00				X			563,876	0	75,981
(13) Dr Carol Olson Psychiatry Chair	60.00				X			374,836	0	61,578
(14) Dr Iman Feiz-Erfan Director of Neurosurgery	70.00					X		1,397,732	0	62,426
(15) Dr Patrick Bailey Chief of Pediatric Surgery	50.00					X		584,126	0	53,031
(16) Eli Swanson Orthopedic Surgeon	50.00					X		559,571	0	21,620
(17) Dr Bryan Pimlott Orthopedic Surgeon	50.00					X		518,208	0	47,921

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

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 **256**

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

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
Phoenix Childrens Hospital 1919 E Thomas Road Phoenix AZ 85016	Physician Services	1,009,335
St Joseph's Hospital & Medical Center File 57431 Los Angelos CA 900748781	Physician Services	898,034
Sonoran Ortho Trauma Surgeons PLLC PO Box 749569 Los Angelos CA 900749569	Physician Services	673,808
Mayo Clinic PO Box 4006 Rochester MN 559034006	Physician Services	546,245
GE Healthcare 15724 Collections Center Drive Chicago IL 60693	Technology Services	488,876
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.	b-36	

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a 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	1,645		
	g Noncash contributions included in lines 1a-1f \$				
	h Total. Add lines 1a-1f		1,645		
Program Service Revenue	2a Patient Services	Business Code 621110	156,355,478	156,355,478	
	b				
	c				
	d				
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f		156,355,478		
	3 Investment income (including dividends, interest, and other similar amounts)		6,218		6,218
4 Income from investment of tax-exempt bond proceeds					
5 Royalties					
6a Gross rents	(I) Real	(II) Personal			
b Less rental expenses					
c Rental income or (loss)					
d Net rental income or (loss)					
7a 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)					
8a 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					
9a Gross income from gaming activities See Part IV, line 19	a				
b Less direct expenses	b				
c Net income or (loss) from gaming activities					
10a Gross sales of inventory, less returns and allowances	a	118,023			
b Less cost of goods sold	b	76,505			
c Net income or (loss) from sales of inventory			41,518	41,518	
Miscellaneous Revenue	Business Code				
11a Other Income	900099	1,292,427	1,292,427		
b					
c					
d All other revenue					
e Total. Add lines 11a-11d		1,292,427			
12 Total revenue. See Instructions		157,697,286	157,689,423	0	6,218

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	41,750	41,750		
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 . . .	4,006,968	2,230,383	1,776,585	
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	79,055,851	72,994,411	6,061,440	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . .	6,316,484	5,806,303	510,181	
9 Other employee benefits . . .	5,591,275	4,471,295	1,119,980	
10 Payroll taxes . . .	4,427,367	3,910,335	517,032	
11 Fees for services (non-employees)				
a Management . . .	389,385	54,884	334,501	
b Legal . . .	141,392	23,681	117,711	
c Accounting . . .	60,000		60,000	
d Lobbying . . .				
e Professional fundraising services See Part IV, line 17				
f Investment management fees . . .				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . .	13,076,796	12,553,963	522,833	
12 Advertising and promotion . . .	17,391	15,503	1,888	
13 Office expenses . . .	1,267,534	571,578	695,956	
14 Information technology . . .	1,305,831	233,681	1,072,150	
15 Royalties . .				
16 Occupancy . . .	2,136,756	1,964,283	172,473	
17 Travel . . .	55,931	45,396	10,535	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . .				
19 Conferences, conventions, and meetings . . .	109,892	1,697	108,195	
20 Interest . . .	259,387	162,714	96,673	
21 Payments to affiliates . . .				
22 Depreciation, depletion, and amortization . . .	1,061,660	598,342	463,318	
23 Insurance . . .	3,249,213	3,362,476	-113,263	
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	24,849,081	24,849,081		
b Provider Education	957,725	957,725		
c Resident Program Expenses	881,707	881,707		
d Dues & Fees	458,006	436,038	21,968	
e All other expenses	1,314,482	1,202,399	112,083	
25 Total functional expenses. Add lines 1 through 24e	151,031,864	137,369,625	13,662,239	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 SheetCheck if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	9,801,568	1 14,362,629
	2 Savings and temporary cash investments	0	2 0
	3 Pledges and grants receivable, net	0	3 0
	4 Accounts receivable, net	7,429,656	4 8,057,093
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5 3,750
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6 0
	7 Notes and loans receivable, net	188,857	7 311,359
	8 Inventories for sale or use	22,321	8 29,284
	9 Prepaid expenses and deferred charges	936,754	9 860,557
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 9,951,349	0
	b Less accumulated depreciation	10b 2,533,636	8,191,852
			10c 7,417,713
	11 Investments—publicly traded securities	0	11 0
	12 Investments—other securities See Part IV, line 11	475,000	12 475,000
	13 Investments—program-related See Part IV, line 11	0	13 0
	14 Intangible assets	0	14 0
	15 Other assets See Part IV, line 11	1,064,379	15 2,983,677
	16 Total assets. Add lines 1 through 15 (must equal line 34)	28,110,387	16 34,501,062
Liabilities	17 Accounts payable and accrued expenses	4,056,779	17 4,177,767
	18 Grants payable	0	18 0
	19 Deferred revenue	47,938	19 161,381
	20 Tax-exempt bond liabilities	0	20 0
	21 Escrow or custodial account liability Complete Part IV of Schedule D	0	21 0
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22 0
	23 Secured mortgages and notes payable to unrelated third parties	5,945,646	23 5,054,495
	24 Unsecured notes and loans payable to unrelated third parties	0	24 0
	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	637,060	25 1,019,033
	26 Total liabilities. Add lines 17 through 25	10,687,423	26 10,412,676
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.	0	0
	27 Unrestricted net assets	17,352,964	27 24,088,386
	28 Temporarily restricted net assets	70,000	28 0
	29 Permanently restricted net assets	0	29 0
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.	0	0
	30 Capital stock or trust principal, or current funds	0	30 0
	31 Paid-in or capital surplus, or land, building or equipment fund	0	31 0
	32 Retained earnings, endowment, accumulated income, or other funds	0	32 0
	33 Total net assets or fund balances	17,422,964	33 24,088,386
	34 Total liabilities and net assets/fund balances	28,110,387	34 34,501,062

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	157,697,286
2	Total expenses (must equal Part IX, column (A), line 25)	2	151,031,864
3	Revenue less expenses Subtract line 2 from line 1	3	6,665,422
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	17,422,964
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	24,088,386

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	No
2b Were the organization's financial statements audited by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes
2c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes
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	No
3b 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	

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

2013**Open to Public
Inspection**Department of the
Treasury
Internal Revenue Service

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

► Information about Schedule A (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.**Name of the organization**
District Medical Group Inc**Employer identification number**

20-8106540

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 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

e a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated

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?

(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?

(ii) A family member of a person described in (i) above?

(iii) A 35% controlled entity of a person described in (i) or (ii) above?

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

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 501(c)(3) organization, check this box and stop here ►						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14	
15 Public support percentage for 2012 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")	2,376,819	217,234	119,170	246,757	1,645	2,961,625
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		117,454,124	118,032,557	124,299,779	156,473,501	516,259,961
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	2,376,819	117,671,358	118,151,727	124,546,536	156,475,146	519,221,586
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)						519,221,586

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6	2,376,819	117,671,358	118,151,727	124,546,536	156,475,146	519,221,586
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources		12,671	13,128	13,995	6,218	46,012
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b		12,671	13,128	13,995	6,218	46,012
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)		9,541	44,321	597,658	1,292,472	1,943,992
13 Total support. (Add lines 9, 10c, 11, and 12)	2,376,819	117,693,570	118,209,176	125,158,189	157,773,836	521,211,590
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ►✓						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15
16 Public support percentage from 2012 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ►	
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ►	
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►	

Part IV Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).**Facts And Circumstances Test**

Return Reference	Explanation
Schedule A, Part II, Line 12, Explanation of Other Income	Misc Non-operating income - 2010 Amount \$ 9,541 2011 Amount \$ 44,321 2012 Amount \$ 10,677 2013 Amount \$ 139,070 UA Integrated Health Clinic Start-Up/Operations Subsidy - 2012 Amount \$ 586,981 2013 Amount \$ 1,153,402
Part III	District Medical Group began operations on December 31, 2009, therefore 2009 tax year is a short year

SCHEDULE D
(Form 990)**Supplemental Financial Statements**

OMB No 1545-0047

2013

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

Open to Public InspectionDepartment of the Treasury
Internal Revenue Service**Name of the organization**
District Medical Group Inc**Employer identification number**

20-8106540

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)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> 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	
a Total number of conservation easements	Held at the End of the Year
b Total acreage restricted by conservation easements	2a
c Number of conservation easements on a certified historic structure included in (a)	2b
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2c
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____	2d
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? <input type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements	

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" 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 XIII, the text of the footnote to its financial statements that describes these items

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

(i) 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 <input type="checkbox"/> Public exhibition	d <input type="checkbox"/> Loan or exchange programs
b <input type="checkbox"/> Scholarly research	e <input type="checkbox"/> Other
c <input type="checkbox"/> Preservation for future generations	

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

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

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" 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 XIII and complete the following table

	Amount
1c	
1d	
1e	
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 XIII. Check here if the explanation has been provided in Part XIII.

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

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

a Board designated or quasi-endowment

b Permanent endowment

c Temporarily restricted endowment

The percentages 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

(i) unrelated organizations

(ii) related organizations

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		250,000			250,000
b Buildings		2,183,063	128,960		2,054,103
c Leasehold improvements		3,227,654	394,981		2,832,673
d Equipment		2,889,808	1,196,207		1,693,601
e Other		1,400,824	813,488		587,336
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)					7,417,713

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

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

Total. (Column (b) must equal Form 990, Part X, col (B) line 12)

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

Total. (Column (b) must equal Form 990, Part X, col (B) line 13)

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

(a) Description	(b) Book value
(1) Other Receivables	412,091
(2) Restricted Cash - Bank Collateral Account	2,170,682
(3) Restricted Cash - Section 125 Withholdings	101,650
(4) 457(b) Investments	143,023
(5) Security Deposits	156,231
Total (Column (b) must equal Form 990, Part X, col (B) line 15.)	2,983,677

Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.)

2,983,677

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

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information

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

Return Reference	Explanation
Part X, Line 2	From footnote 1 of the audited financial statements. The Company evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. At December 31, 2013 and 2012, the Company did not have any uncertain tax positions.

Part XIII Supplemental Information (continued)

Return Reference	Explanation

2013

Open to Public
InspectionSCHEDULE F
(Form 990)

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.

► Attach to Form 990. ► See separate instructions.

► Information about Schedule F (Form 990) and its instructions is at www.irs.gov/form990.Department of the Treasury
Internal Revenue ServiceName of the organization
District Medical Group Inc

Employer identification number

20-8106540

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

1 **For grantmakers.** Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) South America	0	1	Program Services	Medical Services	7,404
(2) South America	0	1	Speaking at seminar/conference		5,154
(3) North America	0	2	Program Services	Medical Services	6,023
(4)					
(5)					
3a Sub-total	0	4			18,581
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	4			18,581

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

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

Schedule F (Form 990) 2013

Part III Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

1 Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* Yes No

2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* Yes No

3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)* Yes No

4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* Yes No

5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)* Yes No

6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).* Yes No

Additional Data

Software ID:

Software Version:

EIN: 20-8106540

Name: District Medical Group Inc

Part V

Supplemental Information

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

**Schedule I
(Form 990)**

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

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

2013

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
District Medical Group Inc

Employer identification number

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to 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. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code 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
(1) UA Foundation 1111 North Cherry Ave PO Box 210109 210109 Tucson, AZ 857210109	86-6050388	501c(3)	13,600				Educational Programs & Scholarship Support
(2) Arizona Burn Foundation 549 E Lynwood Street Phoenix, AZ 85004	86-0207519	501c(3)	7,500				General Support
(3) Arizona Children's Alliance 4001 North 3rd Street Suite 160 Phoenix, AZ 85012	86-0594785	501c(3)	5,000				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. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Part I, Line 2	DMG generally gives grants to well established organizations that it is familiar with and which are involved in activities closely related to DMG's mission. The Company does not feel post grant monitoring to be practical or necessary for these types of grants

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2013**Open to Public
Inspection**Department of the Treasury
Internal Revenue ServiceFor 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.

► Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.Name of the organization
District Medical Group Inc

Employer identification number

20-8106540

Part I Questions Regarding Compensation**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

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

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

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

4 During the year, did any person listed 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?**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 501(c)(3) and 501(c)(4) organizations only 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?**b** Any related organization?

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?**b** Any related organization?

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

	Yes	No
1b		
2		
4a	Yes	
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7	Yes	
8		No
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 and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 3	DMG maintains a Compensation Plan approved by the Board of Directors, and overseen by the Compensation Committee. The voting rights of the Compensation Committee are vested entirely in the community directors (non-employee directors). There is a written policy governing the Personnel Action Committee, which oversees the day to day administration of the Compensation Plan. There is also a written policy for providers who earn compensation in excess of base salary.
Part I, Line 4a	Peg Loos, Severance - \$8,210.00
Part I, Line 7	The majority of bonus and incentive compensation is based on employee contracts and approved written compensation plans. Annually, the Company considers whether a company-wide bonus for all employees is possible based on overall company financial performance for the year. This amount is approved by the compensation committee and amounts are determined by the type of employee and their full time status within the company.
Part II, B(III)	Other reportable compensation - This includes additional pay for services performed outside and/or in addition to their base contractual requirements.

Additional Data

Software ID:
Software Version:
EIN: 20-8106540
Name: District Medical Group Inc

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

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(1)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Dr Dan Hobohm Bd Chair, Path Chair, VP of Quality	(i) 371,844 (ii) 0	13,528 0	44,958 0	15,300 0	18,974 0	464,604 0	0 0
Dr Kote Chundu Bd Member, Pres & CEO, Pediatric Phys	(i) 976,069 (ii) 0	124,724 0	43,822 0	51,000 0	24,981 0	1,220,596 0	0 0
Dr Dean Coonrod Bd Member, Secretary, OBGYN Chair	(i) 367,656 (ii) 0	16,048 0	1,242 0	51,000 0	26,660 0	462,606 0	0 0
Dr David Wisinger Bd Member, CMO, Int Medicine Chair	(i) 346,737 (ii) 0	15,801 0	125,735 0	51,000 0	27,174 0	566,447 0	0 0
Peg Loos Chief Operating Officer	(i) 204,022 (ii) 0	14,500 0	9,550 0	25,886 0	8,648 0	262,606 0	0 0
Craig Jones CFO, Treasurer	(i) 189,254 (ii) 0	15,500 0	1,818 0	25,722 0	25,653 0	257,947 0	0 0
Dr Daniel Caruso Surgery Chair	(i) 543,134 (ii) 0	11,500 0	9,242 0	51,000 0	24,981 0	639,857 0	0 0
Dr Carol Olson Psychiatry Chair	(i) 328,477 (ii) 0	11,500 0	34,859 0	51,000 0	10,578 0	436,414 0	0 0
Dr Iman Feiz-Erfan Director of Neurosurgery	(i) 987,277 (ii) 0	1,500 0	408,955 0	30,600 0	31,826 0	1,460,158 0	0 0
Dr Patrick Bailey Chief of Pediatric Surgery	(i) 468,134 (ii) 0	1,500 0	114,492 0	28,050 0	24,981 0	637,157 0	0 0
Eli Swanson Orthopedic Surgeon	(i) 453,178 (ii) 0	30,368 0	76,025 0	12,257 0	9,363 0	581,191 0	0 0
Dr Bryan Pimplott Orthopedic Surgeon	(i) 445,617 (ii) 0	43,251 0	29,340 0	30,600 0	17,321 0	566,129 0	0 0
Dr Paul Zidel Chief of Hand Surgery	(i) 490,634 (ii) 0	1,500 0	23,564 0	28,050 0	27,465 0	571,213 0	0 0
Dr William Johnson Anes Chair, Former Key EE	(i) 392,801 (ii) 0	11,500 0	68,108 0	51,000 0	34,326 0	557,735 0	0 0
Dr Joseph Stapczynski Emergency Chair, Former Key EE	(i) 330,596 (ii) 0	11,500 0	33,333 0	30,600 0	21,584 0	427,613 0	0 0
Dr Abraham Kuruvilla Ambulatory Chair, Former Key EE	(i) 250,738 (ii) 0	11,500 0	5,127 0	30,600 0	19,393 0	317,358 0	0 0

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

► Complete if the organization answered "Yes" on Form 990, Part IV, lines 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.
► Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Employer identification number

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) Relationship between disqualified person and organization	(c) Description of transaction		(d) Corrected?	
			Yes	No	Yes	No

2 Enter the amount of tax incurred by 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-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

Part III Grants or Assistance Benefitting Interested Persons.

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

Part IV Business Transactions Involving Interested Persons

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

Part V Supplemental Information

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

Return Reference	Explanation
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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 to provide any additional information.

► Attach to Form 990 or 990-EZ.

► Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.**2013****Open to Public
Inspection**Name of the organization
District Medical Group Inc**Employer identification number**

20-8106540

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 4(a) [continued from above]	
Form 990, Part VI, Section A, line 7a	The 4 Physician Directors of the Board are elected by the Board, after being nominated by the Division Chairs, and after that nomination is ratified by a majority vote of all of the physicians who have been employed by DMG at a 8 FTE or higher for at least one year
Form 990, Part VI, Section B, line 11	A copy of the draft is sent to each of the Board Members. Input from the Board Members is incorporated into the draft, which is then reviewed by the CFO and the Controller. An outside accounting firm is consulted every few years as well. The updated draft is sent to the Board Members and then signed and forwarded to the IRS
Form 990, Part VI, Section B, line 12c	The Conflict of Interest Policy and Procedure is reviewed with the Board annually, and the Conflict of Interest Disclosure Statement is completed annually, and retained by the Chief Compliance Officer. Any potential conflicts of interest identified from the Disclosure Statements are reviewed by the Executive Committee and the organization's legal counsel, if needed, and unresolved potential conflicts are noted so that actual conflicts of interest are avoided
Form 990, Part VI, Section B, line 15	The compensation of officers and key employees is determined based on survey data produced by MGMA, a nationally recognized medical group management association. The results of the survey are presented to and reviewed by the Compensation Committee, and compared to the proposed compensation for the officer or key employee, which is then approved by only the Community Board Members of the committee (they are independent, and not employed by DMG). Such discussions and actions are reflected in the minutes of a duly constituted meeting of the committee. The CEO compensation is determined based on a survey of similar organizations using filed 990 returns available through Guidestar. The proposed compensation is compared with the results of this survey and approved by the Executive Committee. These discussions and actions are also reflected in the minutes of a duly constituted meeting of the committee.
Form 990, Part VI, Section C, line 19	DMG makes its governing documents, conflict of interest policy and financial statements available to the public through written requests received at the corporate office. The request is to be reviewed by the appropriate corporate officer, who will oversee the fulfilling of the request.

SCHEDULE R (Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
District Medical Group Inc

Employer identification number

20-8106540

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

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

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

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

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

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

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

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

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l	Yes	
1m		No
1n		No
1o		No
1p		No
1q	Yes	
1r	Yes	
1s		No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) DMG Insurance Company Inc	L	158,475	Estimate
(2) DMG Insurance Company Inc	Q	2,280,387	Cash
(3) DMG Insurance Company Inc	R	2,450,000	Cash

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

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

Part VII Supplemental Information

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

Return Reference	Explanation
Part V Line 2(1)	The amount presented represents an estimated cost of personnel time provided by employees of the parent to the subsidiary. The amount was based on an estimate of annual hours parent employees dedicated to managing the subsidiary. The parent absorbed these costs, which are included in Part IX of Form 990, and was not reimbursed by the subsidiary.
Part V, Line 2(2)	The parent pays the daily operating expenses of the subsidiary and is reimbursed by the subsidiary on a quarterly basis. These expenses can include but are not limited to accounting fees, management fees, license fees and case defense costs and settlements. The amount presented is the total expenses for 2013 reimbursed by the subsidiary. These expenses are excluded from amounts in Part IX of Form 990. At the end of the year, there were no amounts due to the parent from the subsidiary.
Part V, Line 2(3)	This amount represents total premiums paid to the subsidiary for professional liability insurance coverage. Portions of this amount are included on Form 990, Part IX, Line 23 insurance expense and Form 990, Part X, Line 9 prepaid expenses and deferred charges.