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Form **990**
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax

OMB No 1545-0047

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

2013

Open to Public Inspection

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

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable: <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization UNMC PHYSICIANS		D Employer identification number 47-0785575
	Doing Business As		E Telephone number (402) 559-9789
	Number and street (or P O box if mail is not delivered to street address) Room/suite 988145 Nebraska Medical Center Suite		G Gross receipts \$ 249,961,294
	City or town, state or province, country, and ZIP or foreign postal code Omaha, NE 681988145		
	F Name and address of principal officer Mr Carl V Smith 988145 NEBRASKA MEDICAL CTR OMAHA, NE 681988145		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number
I Tax-exempt status <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			
J Website: www.unmcphysicians.com			
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 1995 M State of legal domicile NE

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities Support the mission of UNMC, improve the health of nebraska through education, research, the highest quality patient care, and outreach to underserved populations		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	19
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	0
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	1,351
	6 Total number of volunteers (estimate if necessary)	6	0
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	144,165
b Net unrelated business taxable income from Form 990-T, line 34	7b	117,248	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	0	0
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	223,222,106	238,483,952
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	426,118	4,423,912
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,854,301	2,556,050
		225,502,525	245,463,914
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	44,761,077	48,170,707
	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)	130,264,432	135,250,676
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) \rightarrow 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	42,736,149	50,359,876
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	217,761,658	233,781,259	
19 Revenue less expenses Subtract line 18 from line 12	7,740,867	11,682,655	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	144,062,786	165,028,007
	21 Total liabilities (Part X, line 26)	44,161,267	45,526,177
22 Net assets or fund balances Subtract line 21 from line 20	99,901,519	119,501,830	

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	2015-02-12 Date
	Carl V Smith MD CFO Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name DONALD NEAL JR	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00798244
	Firm's name \rightarrow KPMG LLP			Firm's EIN \rightarrow	
	Firm's address \rightarrow 1212 North 96th Street Suite 300 Omaha, NE 68114			Phone no (402) 661-8742	

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [] Yes [X] No

1 Briefly describe the organization's mission
SUPPORT THE MISSION OF THE UNIVERSITY OF NEBRASKA MEDICAL CENTER, AND ALSO TO IMPROVE THE HEALTH OF NEBRASKA THROUGH PREMIER EDUCATIONAL PROGRAMS, INNOVATIVE RESEARCH, THE HIGHEST QUALITY PATIENT CARE, AND OUTREACH TO UNDERSERVED POPULATIONS

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 \$ 233,062,622 including grants of \$ 48,170,707) (Revenue \$ 241,040,002)
UNMC PHYSICIANS DIRECTS ITS RESOURCES TOWARD GIVING LEADING PHYSICIANS THE RESOURCES TO PROVIDE EXCELLENT HEALTHCARE TO PATIENTS ACROSS NEBRASKA AND BEYOND UNMC PHYSICIANS CONTINUES TO LEAD THE REGION THROUGH A FOCUSED MISSION INCLUDING EXCEPTIONAL PATIENT CARE, EDUCATION THAT EMPOWERS, CUTTING-EDGE RESEARCH AND AN EMPHASIS ON GIVING BACK TO THE COMMUNITY WITH MORE THAN 50 SPECIALTIES AND SUB-SPECIALTIES, UNMC PHYSICIANS PROVIDES SPECIALIZED SERVICES AND THE LATEST IN TREATMENT OPTIONS TO ITS PATIENTS OUR PHYSICIANS NOT ONLY TREAT PATIENTS, BUT THEY EDUCATE FUTURE PHYSICIANS MANY OF OUR DOCTORS TRAINED AND NOW TEACH AT THE UNIVERSITY OF NEBRASKA MEDICAL CENTER THEY, ALONG WITH EXPERIENCED NURSES, ALLIED HEALTH PROFESSIONALS AND BUSINESS SUPPORT PERSONNEL ARE DEDICATED TO SERVING THE HEALTHCARE NEEDS OF OUR COMMUNITY CHARITABLE CARE IS A HIGH PRIORITY, AND WE MAKE TREATMENT AVAILABLE TO ALL PERSONS WHO PRESENT THEMSELVES FOR CARE, REGARDLESS OF RACE, CREED, LIFESTYLE, OR ABILITY TO PAY DURING FISCAL 2014, UNMC PHYSICIANS SERVED MORE THAN 365 THOUSAND PATIENTS IN ITS CLINICS AND OVER 238 THOUSAND PATIENTS THROUGH INPATIENT AND OTHER ANCILLARY SERVICE LINES IN ADDITION, UNMC PHYSICIANS SUPPORTS MANY COMMUNITY BASED HEALTH PROGRAMS SERVING THE POOR THROUGH DONATED FUNDS, SUPPLIES, PHYSICIAN TIME AND NURSE TIME UNMC PHYSICIANS PROVIDED MORE THAN 2.4 MILLION DOLLARS, AT COST, IN CHARITABLE CARE TO THE UNDERSERVED AND THOSE UNABLE TO PAY FOR MEDICALLY NECESSARY HEALTHCARE SERVICES IN ADDITION, OVER 27 PERCENT OF UNMC PHYSICIANS NET PATIENT SERVICE REVENUE CAME FROM GOVERNMENT FUNDED HEALTH INSURANCE PROGRAMS, SUCH AS MEDICAID, MEDICARE AND TRICARE WHILE THESE GOVERNMENT PROGRAMS DO NOT COVER THE FULL COST OF THE HEALTH SERVICES PROVIDED, UNMC PHYSICIANS TRANSFERRED OVER 37 MILLION DOLLARS TO THE COLLEGE OF MEDICINE AT THE UNIVERSITY OF NEBRASKA MEDICAL CENTER IN SUPPORT OF ITS CLINICAL, EDUCATION AND RESEARCH MISSION PLEASE SEE THE COMMUNITY BENEFIT REPORT FOR ADDITIONAL DETAILS AT WWW.UNMCPHYSICIANS.COM

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

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

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

4e Total program service expenses 233,062,622

Part IV Checklist of Required Schedules

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

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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	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)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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. 88		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 0		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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. 1,351		
2b	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)	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	Yes	
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)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year. 		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12. 		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. 		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders. 		
11b	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?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year. 		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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	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	Enter the amount of reserves on hand. 		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to 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		
	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		
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?	Yes	
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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	Yes	
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?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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	Yes	

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?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	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?	Yes	
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		No

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed
- 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
 LINDA SCHOLTING 988145 NEBRASKA MEDICAL CENTER
 OMAHA, NE 681988145 (402) 559-9789

Part VIII Statement of Revenue

Check 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						
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f	0					
Program Service Revenue	2a	PATIENT SVC REVENUE						
		Business Code 621400	164,008,553	164,008,553				
	b	OTHER CONTRACTUAL REVENUE						
		Business Code 900099	74,475,399	74,475,399				
	c							
	d							
	e							
	f	All other program service revenue						
g	Total. Add lines 2a-2f	238,483,952						
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	498,248		144,165	354,083		
	4	Income from investment of tax-exempt bond proceeds	0					
	5	Royalties	0					
	6a	Gross rents	(i) Real					
			(ii) Personal					
			b	Less rental expenses				
			c	Rental income or (loss)	0	0		
	d	Net rental income or (loss)	0					
	7a	Gross amount from sales of assets other than inventory	(i) Securities					
			(ii) Other	8,423,044				
			b	Less cost or other basis and sales expenses	4,497,380			
			c	Gain or (loss)	3,925,664			
	d	Net gain or (loss)	3,925,664			3,925,664		
	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	0					
	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	0						
10a	Gross sales of inventory, less returns and allowances							
a								
b	Less cost of goods sold b							
c	Net income or (loss) from sales of inventory	0						
	Miscellaneous Revenue	Business Code						
11a	DEPARTMENTAL MISC DEPOSITS	561000	2,556,050	2,556,050				
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d		2,556,050					
12	Total revenue. See Instructions		245,463,914	241,040,002	144,165	4,279,747		

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	41,977,405	41,977,405		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22	6,193,302	6,193,302		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	5,837,679	5,837,679		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	107,406,189	107,406,189		
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	11,003,404	11,003,404		
9	Other employee benefits	6,325,839	6,325,839		
10	Payroll taxes	4,677,565	4,677,565		
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	392,210		392,210	
c	Accounting	79,245		79,245	
d	Lobbying	0			
e	Professional fundraising services. See Part IV, line 17	0			
f	Investment management fees	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	389,398	389,398		
12	Advertising and promotion	287,382	287,382		
13	Office expenses	0			
14	Information technology	0			
15	Royalties	0			
16	Occupancy	3,827,905	3,827,905		
17	Travel	153,091	153,091		
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	79,336	79,336		
20	Interest	0			
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	2,002,394	2,002,394		
23	Insurance	2,132,810	1,885,628	247,182	
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	DEAN & DEPT DEVELOPMENT FUND	10,190,831	10,190,831		
b	CONTRACTED PHYSICIAN SVC	1,859,163	1,859,163		
c	PROVISION FOR BAD DEBT EXP	12,517,355	12,517,355		
d	MEDICAL SUPPLIES/EQUIPMENT	5,505,718	5,505,718		
e	All other expenses	10,943,038	10,943,038		
25	Total functional expenses. Add lines 1 through 24e	233,781,259	233,062,622	718,637	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 <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

Table with columns for Assets, Liabilities, and Net Assets or Fund Balances. Rows include items like Cash, Investments, Accounts Payable, and Total Assets/Liabilities. Includes sub-rows for depreciation (10a, 10b) and fund balances (27-34).

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	245,463,914
2	Total expenses (must equal Part IX, column (A), line 25)	2	233,781,259
3	Revenue less expenses Subtract line 2 from line 1	3	11,682,655
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	99,901,519
5	Net unrealized gains (losses) on investments	5	7,917,656
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	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	119,501,830

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		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 checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	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	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?		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		

Additional Data

Software ID:
Software Version:
EIN: 47-0785575
Name: UNMC PHYSICIANS

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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	Officer	Key employee	Highest compensated employee	Former			
CARL V SMITH CHAIR/PRESIDENT	30 0	X		X				313,436	239,535	26,428
MICHAEL SITORIUS VICE CHAIR/DEPARTMENT CHAIR	30 0	X		X				75,232	247,746	26,469
ROBERT MUELLEMAN SECRETARY-TREASURER/DEPT CHAIR	30 0	X		X				283,958	181,270	40,541
CHARLES ENKE DIRECTOR	30 0	X						271,365	230,752	30,580
CRAIG W WALKER DIRECTOR	30 0	X						219,950	346,162	38,541
DANIEL MURMAN DIRECTOR	30 0	X						151,620	107,912	21,083
DAVID W MERCER DIRECTOR	30 0	X						514,705	223,420	41,844
DWIGHT JONES DIRECTOR	1 0	X						0	245,028	23,860
JOHN SPARKS DIRECTOR	40 0	X						0	220,813	21,829
JULIE VOSE DIRECTOR	30 0	X						219,913	144,683	17,691
KEVIN GARVIN DIRECTOR	30 0	X						471,626	219,482	33,038
LYNELL KLASSEN DIRECTOR	30 0	X						85,140	274,375	24,982
MATTHEW MORMINO DIRECTOR	30 0	X						377,584	117,740	43,853
QUAN NGUYEN DIRECTOR	30 0	X						266,668	196,297	41,025
STEVE HINRICHS DIRECTOR	30 0	X						237,918	219,174	37,011
STEVEN LISCO DIRECTOR	30 0	X						361,475	243,496	26,023
STEVEN WENGEL DIRECTOR	30 0	X						70,068	236,971	24,883
TROY PLUMB DIRECTOR	30 0	X						214,819	92,752	24,813
Debra Romberger DIRECTOR	30 0	X						20,903	44,780	9,268
CORY D SHAW EXEC VP/CEO/thru Dec 2013	30 0			X				220,469	166,604	22,666
DENNIS BIERLE COO	10 0			X				241,995	0	21,988
TROY WILHELM CFO	30 0			X				260,250	0	17,881
William Dinsmoor CEO/effective Jan 2014	10 0			X					0	0
Brad Britigan MD President/effective Jan 2014	45 0			X				34,694	369,569	22,701
BRYAN SCHWAHN ADMINISTRATOR	20 0				X			111,673	83,408	30,470

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.

▶ **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.**

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
UNMC PHYSICIANS

Employer identification number
47-0785575

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
 - a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (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 <input type="checkbox"/>						

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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

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

(Complete only if you checked the box on line 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.")	442,860	345,357	0	0	0	788,217
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	204,777,880	218,271,919	218,294,260	225,076,407	241,040,002	1,107,460,468
3 Gross receipts from activities that are not an unrelated trade or business under section 513						0
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
5 The value of services or facilities furnished by a governmental unit to the organization without charge						0
6 Total. Add lines 1 through 5	205,220,740	218,617,276	218,294,260	225,076,407	241,040,002	1,108,248,685
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	25,069,283	31,518,323	35,899,279	53,348,364	54,616,699	200,451,948
c Add lines 7a and 7b	25,069,283	31,518,323	35,899,279	53,348,364	54,616,699	200,451,948
8 Public support (Subtract line 7c from line 6)						907,796,737

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	205,220,740	218,617,276	218,294,260	225,076,407	241,040,002	1,108,248,685
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	403,495	430,515	384,618	426,118	498,248	2,142,994
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975				2,181	117,248	119,429
c Add lines 10a and 10b	403,495	430,515	384,618	428,299	615,496	2,262,423
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	-1,743,803					-1,743,803
13 Total support. (Add lines 9, 10c, 11, and 12)	203,880,432	219,047,791	218,678,878	225,504,706	241,655,498	1,108,767,305
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 <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	81.874 %
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	83.687 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	0.204 %
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	0.204 %

- 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 III, LINE 12	LOSS IN JOINT VENTURE IN 2009 (1,743,803)

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization UNMC PHYSICIANS

Employer identification number 47-0785575

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.

Table with 3 columns: Line number, (a) Donor advised funds, (b) Funds and other accounts. Includes rows for total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advisement and grant fund usage.

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

Form for Part II Conservation Easements. Includes checkboxes for purposes of easements, a table for 'Held at the End of the Year' (2a-2d), and questions about monitoring, expenses, and reporting.

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.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Includes questions about reporting works of art and historical treasures, and a table for revenues and assets.

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

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

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

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

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

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" 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 Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

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

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	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		407,536		407,536
b Buildings		4,427,096	606,692	3,820,404
c Leasehold improvements		12,991,308	4,701,502	8,289,806
d Equipment		18,516,502	14,218,962	4,297,540
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				16,815,286

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)		

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.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
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
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.)	

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.

1	(a) Description of liability	(b) Book value
	Federal income taxes	0
	FEES PAYABLE TO UNMC	13,795,121
	RESERVE FOR SELF INSURANCE	3,832,422
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)		17,627,543

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	196,001,186
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	7,917,656
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-57,380,384
e	Add lines 2a through 2d	2e	-49,462,728
3	Subtract line 2e from line 1	3	245,463,914
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	245,463,914

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	176,400,875
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	176,400,875
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	57,380,384
c	Add lines 4a and 4b	4c	57,380,384
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	233,781,259

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 XI, Line 2D	12,517,355 Bad Debt Expense Reclass 6,193,302 CHARITY CARE RECLASS 38,669,727 TRANSFER TO UNMC ----- 57,380,384
PART X, LINE 2	FASB INTERPRETATION NO 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES (FIN 48) IS NOT APPLICABLE TO UNMC PHYSICIANS AS THEY ARE CONSIDERED A GOVERNMENTAL ENTITY FOR ACCOUNTING PURPOSES
Part XII, Line 4B	12,517,355 Bad Debt Expense Reclass 6,193,302 CHARITY CARE RECLASS 38,669,727 TRANSFER TO UNMC ----- 57,380,384

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No 1545-0047

2013

**Open to Public
Inspection**

▶ 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 Service

Name of the organization
UNMC PHYSICIANS

Employer identification number

47-0785575

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) SUB-SAHARAN AFRICA			PROGRAM SERVICES	SEE PART IV	12,000
(2)					
(3)					
(4)					
(5)					
3a Sub-total					12,000
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					12,000

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.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									

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 ▶ _____

3 Enter total number of other organizations or entities ▶ _____

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

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).

990 Schedule F, Supplemental Information

Return Reference	Explanation
PART I, LINE 3	GENERAL INFORMATION ON ACTIVITIES OUTSIDE THE U.S. UNMC PHYSICIANS FINANCIALLY SUPPORTS UNMC COLLEGE OF MEDICINE'S MEDICAL RESIDENT ROTATION PROGRAM. STUDENTS DO A MONTHLY ROTATION IN SOUTH AFRICA WORKING IN LOCAL HOSPITALS AND CLINICS. UNMC PHYSICIANS PAID \$12,000 FOR THE MEDICAL RESIDENT HOUSING.

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2013

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization UNMC PHYSICIANS

Employer identification number 47-0785575

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a. 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? 3b Did the organization use FPG as a factor in determining eligibility for providing discounted care? 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (a) Number of activities or programs (optional), (b) Persons served (optional), (c) Total community benefit expense, (d) Direct offsetting revenue, (e) Net community benefit expense, (f) Percent of total expense. Rows include Financial Assistance and Means-Tested Government Programs (a-k) and Other Benefits (e-k).

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	Yes	
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount		
			13,059,011
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit		
			1,856,822
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)		25,796,821
6	Enter Medicare allowable costs of care relating to payments on line 5		65,473,693
7	Subtract line 6 from line 5. This is the surplus (or shortfall)		-39,676,872
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 NONE				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
 How many hospital facilities did the organization operate during the tax year?

1

Name, address, primary website address, and state license number

Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

BELLEVUE MEDICAL CENTER LLC

Name of hospital facility or facility reporting group _____

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA <u>20 13</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	Yes	
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>SEE PART V, SECTION C</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input type="checkbox"/> Available upon request from the hospital facility		
d	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		No
8b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V Facility Information (continued)

Financial Assistance Policy		Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9 Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	11 Yes	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12 Yes	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input checked="" type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	13 Yes	
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14 Yes	
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available upon request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		

Billing and Collections			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15 Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

Part V Facility Information *(continued)*

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a** Notified individuals of the financial assistance policy on admission
 - b** Notified individuals of the financial assistance policy prior to discharge
 - c** Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
 - d** Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
 - e** Other (describe in Section C)

Policy Relating to Emergency Medical Care

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

- a** The hospital facility did not provide care for any emergency medical conditions
- b** The hospital facility's policy was not in writing
- c** The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** Other (describe in Part VI)

	Yes	No
19	Yes	

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a** The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b** The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c** The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d** Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI

22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?

If "Yes," explain in Part VI

21		No
22		No

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

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

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

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

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
PART I, LINE 3C	BELLEVUE MEDICAL CENTER IS STRUCTURED AS AN LLC AND IS A HOSPITAL UNMC PHYSICIANS IS NOT A HOSPITAL, BUT ITS INFORMATION IS BEING REPORTED AS REQUIRED due to its ownership held in the llc Effective May 27, 2014, UNMC Physicians sold their minority interest in Bellevue Medical Center to the Nebraska Medical Center (TNMC) As of that date, TNMC became the 100% owner of Bellevue Medical Center Per the instructions, unmc physicians has answered part I line 3 based on the joint venture charity care policy OF The Bellevue Medical Center, which is a hospital, and not on the charity care policy of UNMC Physicians, which is not a hospital However, unmc physician's policy is determined by the fpg level of 150% for part I line 3a and 350% for part I line 3b

Form and Line Reference	Explanation
PART I, LINE 6A	The UNMC Physicians community benefit report can be accessed at http://clinics.nebraskamed.com/learn-about-us.aspx Bellevue Medical Center is not a 501(c)(3) tax-exempt hospital and is therefore not required to and does not file a community benefit report

Form and Line Reference	Explanation
PART I, LINE 7G	The organization does not have information that indicates that services are provided despite a financial loss to the organization. All subsidized services reported on Line 7G were generated by Bellevue Medical Center. Bellevue Medical Center engaged in subsidized services during the fiscal year, such as its medical observation department.

Form and Line Reference	Explanation
PART I, LINE 7, COLUMN F	The amount used to calculate the table 7 percentages is \$228,921,475. This amount is derived from part ix line 25 in the amount of \$233,781,259, less bad debt of \$12,517,355 for unmc physicians. Per the instructions, the proportionate share of total expenses of the Bellevue medical center joint venture of \$8,274,702, less bad debt of \$617,131 was added to the unmc physicians' amount.

Form and Line Reference	Explanation
PART I, LINE 7	BOTH UNMC PHYSICIANS AND BELLEVUE MEDICAL CENTER USED THE COST TO CHARGE RATIO FOR FIGURES REPORTED IN THE TABLE THIS COST TO CHARGE RATIO WAS DERIVED FROM WORKSHEET 2 OF THE INSTRUCTIONS

Form and Line Reference	Explanation
PART III, LINE 4	<p>Patient Service Revenue may qualify for financial assistance. The Patient is obligated to complete financial assistance forms and to submit supporting documentation to qualify. Services to patients who provide this information and qualify for assistance are not considered bad debt. Bad Debt is reported for services rendered to those unwilling to pay and /or work with the organization to provide financial assistance if available. This is only after the organization has exhausted all reasonable efforts to collect outstanding balances from the patient. If an account is determined to meet the criteria of a bad debt, the remaining balance will be written off to bad debt expense. As the organization does not have a cost accounting system, the COST OF THE BAD DEBT WAS ESTIMATED USING THE COST TO CHARGE RATIO. THERE IS NO SPECIFIC FOOTNOTE IN THE AUDITED FINANCIAL STATEMENTS FOR BAD DEBT, HOWEVER, A DISCUSSION ON NET PATIENT SERVICE REVENUE STATES, "UNMC Physicians has agreements with third party payers that provide payment to UNMC Physicians at amounts different from its established rates. Net patient service revenue is reported at the net realizable amounts from patients, third-party payers and others for services rendered." PATIENTS OF THE BELLEVUE MEDICAL CENTER KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE (ONCE ALL PAPERWORK IS RECEIVED AND APPROVED) ARE FLAGGED IN THE SYSTEM AND MONITORED ACCORDINGLY TO ENSURE FINANCIAL ASSISTANCE IS "POSTED" TO THE PATIENT ACCOUNT. WHEN THE 12 MONTH APPROVAL EXPIRES, PATIENTS ARE CONTACTED IF SERVICES HAVE BEEN RENDERED WITHIN THE LAST SIX MONTHS TO DISCUSS SUBMITTAL OF NEW INFORMATION FOR CONTINUATION OF ASSISTANCE. IF PATIENTS NO LONGER QUALIFY, OTHER PAYMENT OPTIONS ARE DISCUSSED PER ORGANIZATIONAL POLICY. Reports are utilized for follow up purposes. PATIENTS WHO QUALIFY FOR 100% ASSISTANCE DO NOT RECEIVE GUARANTOR STATEMENTS (BILLS) FROM THE ORGANIZATION. PATIENTS WHO QUALIFY FOR AN 80% OR 60% DISCOUNT WORK WITH CUSTOMER SERVICE OR COLLECTION STAFF TO OUTLINE PAYMENT ARRANGEMENTS ACCORDING TO SET POLICY.</p>

Form and Line Reference	Explanation
PART III, LINE 8	As a part of our mission, we will provide treatment to any patient who needs it. We have a disproportionate share of Medicare patients in the community where we provide care below our cost. This produces a loss and is considered a community benefit. Our costing methodology is the cost to charge ratio. We are not a hospital and do not have a hospital cost accounting system to produce detailed cost information at the service level. We do not have or prepare Medicare cost reports, therefore we use the cost to charge ratio.

Form and Line Reference	Explanation
PART III, LINE 9B	<p>UNMC Physicians provides financial assistance to qualified uninsured or underinsured patients requiring non-elective medically necessary treatment. Patients known to qualify for financial assistance (after completing all paperwork and receiving approval) are identified accordingly in the financial systems to ensure financial assistance is used to cover services rendered by UNMC Physicians. Financial assistance can result in 100% assistance sliding to 20%. Consideration is given to medically necessary current charges and can extend for a period up to six months. Patients can renew every TWELVE months. A reevaluation of the patient's financial situation may be performed if the patient is unable to comply with the financial assistance arrangements. Patients receive a statement from the organization as long as they have a balance due. ALL ACCOUNTS ARE MONITORED IN THE SYSTEM TO ENSURE FINANCIAL ASSISTANCE IS "POSTED" TO THE PATIENT ACCOUNT. IF ADD'L CHARGES ARE RECEIVED AFTER THE 12 MONTHS THE PATIENT MUST SUBMIT UPDATED INFORMATION FOR CONTINUATION OF ASSISTANCE. If patients no longer qualify, other payment options are discussed per organizational policy. Reports are utilized for follow up purposes. Patients who qualify for 100% assistance do not receive guarantor statements (bills) from the organization. Patients who qualify for an 80% or LESS discount work with customer service or collection staff to outline payment arrangements according to set policy. PATIENTS OF THE BELLEVUE MEDICAL CENTER KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE (ONCE ALL PAPERWORK IS RECEIVED AND APPROVED) ARE FLAGGED IN THE SYSTEM AND MONITORED ACCORDINGLY TO ENSURE FINANCIAL ASSISTANCE IS "POSTED" TO THE PATIENT ACCOUNT. WHEN THE 12 MONTH APPROVAL EXPIRES, PATIENTS ARE CONTACTED IF SERVICES HAVE BEEN RENDERED WITHIN THE LAST SIX MONTHS TO DISCUSS SUBMITTAL OF NEW INFORMATION FOR CONTINUATION OF ASSISTANCE. IF PATIENTS NO LONGER QUALIFY, OTHER PAYMENT OPTIONS ARE DISCUSSED PER ORGANIZATIONAL POLICY. REPORTS ARE UTILIZED FOR FOLLOW UP PURPOSES. PATIENTS WHO QUALIFY FOR 100% ASSISTANCE DO NOT RECEIVE GUARANTOR STATEMENTS (BILLS) FROM THE ORGANIZATION. PATIENTS WHO QUALIFY FOR AN 80% OR 60% DISCOUNT WORK WITH CUSTOMER SERVICE OR COLLECTION STAFF TO OUTLINE PAYMENT ARRANGEMENTS ACCORDING TO SET POLICY.</p>

Form and Line Reference	Explanation
PART V, SECTION A	UNMC Physicians supports the mission of the University of Nebraska Medical Center, to improve the Health of Nebraska through premier educational programs, innovative research, the highest quality patient care, and outreach to underserved populations UNMC Physicians is not a hospital, however, owns 13 646702% of Bellevue Medical Center, LLC On May 31, 2014, UNMC Physicians sold their interest in Bellevue Medical Center, LLC Therefore, per the instructions the Schedule H includes all clinical activities of UNMC Physicians, plus the 13 646702% of hospital activity of Bellevue Medical Center, LLC through May 31, 2014

Form and Line Reference	Explanation
NEEDS ASSESSMENT	Schedule H, Part VI, Line 2 UNMC Physicians uses disease incidence and prevalence data, leading causes of death, community health status research and supply and demand analysis to assess the health care needs of the communities it serves. Bellevue Medical Center is majority owned by The Nebraska Medical Center. UNMC Physicians HAS A MINORITY OWNERSHIP, which was sold to the Nebraska Medical Center on May 27, 2014. Both OF THESE ORGANIZATIONS are 501(c)(3) organizations. It was determined from previous assessments that the community had a need for medical services that were not currently being fulfilled. A community needs assessment was underway in the Douglas/Sarpy County area during fiscal year 2011, and filed in 2013 as a collaborative effort between all Omaha area hospitals. This is the first needs assessment that has been performed specific to BMC.

Form and Line Reference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	<p>Schedule H, Part VI, Line 3 UNMC PHYSICIANS employs financial counselors and customer service staff, all of whom are trained in assisting our patients with resolution of the patients' liability. Depending on individual patient needs, payment arrangements or financial assistance may be offered to assist our patients with resolution of their balances. Patients are educated about the requirements and eligibility for patient assistance by financial counselors onsite at clinic locations, through brochures and pamphlets, and through the unmc physicians' website. Bellevue Medical Center employs financial counselors, customer service staff and collection staff, all of whom are trained in assisting our patients with resolution of patient liability. Depending upon individual patient needs, payment arrangements or financial assistance may be offered to assist our customers with resolution of patient balances. Additionally, the organization contracts with a company to work with our self pay population to pursue coverage through state, federal or local programs. THE CONTRACT ORGANIZATION PROVIDES THIS PATIENT POPULATION WITH FINANCIAL ASSISTANCE APPLICATIONS TO COMPLETE AS WELL, THEREFORE, IF THE PATIENT DOES NOT MEET REQUIREMENTS FOR STATE, FEDERAL OR LOCAL COVERAGE, A FINANCIAL ASSISTANCE APPLICATION CAN BE UTILIZED.</p>

Form and Line Reference	Explanation
COMMUNITY INFORMATION	<p>Schedule H, Part VI, Line 4 Our mission is to further the University of Nebraska Medical Center's mission by giving leading physicians the resources necessary to provide high quality health care to patients from across Nebraska and beyond. In addition, we support the missions of, and provide services to, The Nebraska Medical Center, Children's Hospital & Medical Center, and the Omaha VA Medical Center. We generally serve the local area of Omaha, but provide service to patients throughout the state of Nebraska. In addition, given our close proximity to Iowa, we serve many patients from that state as well. Patients from the Omaha Metro area served by UNMC Physicians are predominately White-Non Hispanic with over 75.02% in this category. Black Non-Hispanic make up 15.25% of the population, 53% is Hispanic - White. The remaining 9.2% includes Asian, Native American, and Unknown classifications. UNMC Physicians continues to lead the region through a focused mission including exceptional patient care, education that empowers, cutting-edge research and an emphasis on giving back to the community. At UNMC Physicians, we recognize an individual's right to quality healthcare regardless of age, sex, race, religion, national origin, or ability to pay. In addition to providing free or reduced healthcare to low income patients, UNMC Physicians supports the community through employee volunteer hours, donations to many charities and extensive financial support of the University of Nebraska Medical Center. Because of the continued dedication of our talented physicians, we are able to significantly impact the community through leadership in many medical fields. UNMC Physicians grants credit without collateral to its patients, most of whom are local residents and are insured under third party payor arrangements. The mix of our receivables from patients as of June 30, 2014 was Medicare - 12%, Medicaid - 7%, Commercial Payors - 30%, Self-Pay - 40% and Other - 11%. Bellevue Medical Center opened on May 17, 2010 in Bellevue, NE as the first full service, public hospital serving a community of roughly 50,000 residents. The hospital's service area covers all of Sarpy County and extends throughout northern Cass County and southern Douglas County in Nebraska. The hospital also serves the men and women of Offutt Air Force base which is located within its primary market.</p>

Form and Line Reference	Explanation
PROMOTION OF COMMUNITY HEALTH	Schedule H, Part VI, Line 5 The organization is a physician practice focused on its mission of providing exceptional patient care, education of future medical professionals for the region, and research, while supporting the community Unmc physicians is not a hospital and therefore this question is not applicable Bellevue Medical Center has an open medical staff policy and the leadership team is active on several community boards Bellevue medical center is a hospital, however, it is not a tax exempt organization, and therefore this question is not applicable

Form and Line Reference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	Schedule H, Part VI, Line 7 Unmc physicians is not required to file its community benefit report with any state, however Unmc physicians does make it available to the public via the web link provided above Bellevue medical center is also not required to file a community benefit report with any state

Form and Line Reference	Explanation
AFFILIATED HEALTH CARE SYSTEM	Schedule H, Part VI, Line 6 UNMC Physicians is a not for profit corporation committed to supporting the mission of the University of Nebraska Medical Center ("UNMC") It was established by UNMC to provide a vehicle for the faculty of the College of Medicine to develop an integrated practice for management of clinical activities The mission of the University of Nebraska Medical Center is to improve the health of Nebraska through premier education programs, innovative research, the highest quality patient care, and outreach to underserved populations As previously discussed, Bellevue Medical Center is majority owned by The Nebraska Medical Center, an IRC 501(c)(3) organization

Form and Line Reference	Explanation
PART II	UNMC Physicians and Bellevue Medical Center, LLC pay attention to needs of the community in addition to their focus on healthcare. For example, during the year a grant was made by UNMC Physicians to a 501(c)(3) organization to promote academic performance, raise graduation rates, and increase civic and community responsibility.

Additional Data

Software ID:
Software Version:
EIN: 47-0785575
Name: UNMC PHYSICIANS

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
PART V, SECTION B, LINE 14G	
PART V, SECTION B, LINE 3	KEY INFORMANT FOCUS GROUP DISCUSSIONS INCLUDED REPRESENTATION FROM ALL OF THE ASSESSED COMMUNITIES FOCUS GROUP PARTICIPANTS WERE CHOSEN BECAUSE OF THEIR ABILITY TO PROVIDE INPUT REGARDING VULNERABLE OR MEDICALLY UNDERSERVED POPULATIONS, MINORITIES, AND/OR POPULATIONS WITH CHRONIC DISEASE EIGHTY-SEVEN COMMUNITY STAKEHOLDERS, INCLUDING PHYSICIANS, OTHER HEALTH PROFESSIONALS, SOCIAL SERVICE PROVIDERS, AND BUSINESS AND COMMUNITY LEADERS PARTICIPATED IN FOCUS GROUP SESSIONS HELD IN AUGUST OF 2011
PART V, SECTION B, LINE 4	BELLEVUE MEDICAL CENTER, LLC CHNA WAS CONDUCTED WITH THE FOLLOWING HOSPITAL FACILITIES ALLEGENT CREIGHTON HEALTH, NEBRASKA METHODIST HEALTH SYSTEM, AND THE NEBRASKA MEDICAL CENTER
PART V, SECTION B, LINE 7	BELLEVUE MEDICAL CENTER PARTICIPATED IN COLLABORATIVE DISCUSSIONS WITH ALL OF THE LOCAL HEALTH SYSTEMS AND COUNTY HEALTH DEPARTMENTS TO DETERMINE HOW EACH OF THE IDENTIFIED NEEDS WOULD BE ADDRESSED EACH LOCAL HEALTH SYSTEM PRIORITIZED THE CHNA-IDENTIFIED NEEDS IN A WAY THAT MOST CLOSELY ALIGNED WITH THE CORE COMPETENCIES AND PROFILE OF PATIENTS SERVED BY THAT SYSTEM FURTHER, THE HEALTH SYSTEM COLLABORATIVE GROUP RESEARCHED AND COMPILED A LIST OF LOCAL AGENCIES/RESOURCES FOUND ON ADDRESSING EACH OF THE CHNA-IDENTIFIED NEEDS THROUGH THOSE COLLABORATIVE DISCUSSIONS, IT WAS DETERMINED THAT EACH OF THE IDENTIFIED NEEDS IN THE COMMUNITY WILL BE COVERED BY A LOCAL HEALTH SYSTEM OR OTHER COMMUNITY AGENCY BELLEVUE MEDICAL CENTER'S FOCUS WILL BE ON ADDRESSING DIABETES, WHICH IS PREVALENT IN THE POPULATION SERVED BY THAT FACILITY
PART V, SECTION B, LINE 12I	BMC TAKES INTO CONSIDERATION OTHER FACTORS TO DETERMINE IF A PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE, INCLUDING BUT NOT LIMITED TO IF PATIENTS ARE HOMELESS, HAD DEBTS DISCHARGED THROUGH CHAPTER 7 BANKRUPTCY PROCEEDINGS OR QUALIFIES FOR FOOD STAMPS
PART V, SECTION B, LINE 5	HOSPITAL FACILITY'S WEBSITE http://bellevue.nebraskamed.com/community_health_needs_assessment.html

Schedule I (Form 990)

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

OMB No 1545-0047

2013

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization UNMC PHYSICIANS

Employer identification number 47-0785575

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance...
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.

Table with 8 columns: (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, (g) Description of non-cash assistance, (h) Purpose of grant or assistance. Contains 5 rows of data.

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

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
(1) CHARITY CARE	3488		6,193,302	BOOK	PATIENT FIN'L ASSIST

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	CHARITABLE GIVING IS PRIORITIZED AS FOLLOWS 1) HEALTH AND WELLNESS 2) HUMAN SERVICES 3) MEDICAL EDUCATION AND RESEARCH PROCEDURES FOR MONITORING THE USE OF THE GRANT FUNDS IN THE U S ALL DONATION REQUESTS MUST BE SUBMITTED TO THE CHARITABLE DONATIONS COMMITTEE AND THE CHIEF FINANCIAL OFFICER FOR REVIEW AND APPROVAL THE CFO MAY ALSO REQUEST ADDITIONAL INFORMATION, AND/OR MAKE THE APPROVAL CONTINGENT UPON THE ORGANIZATION PROVIDING ONE OR MORE REPORTS DURING OR AT THE CONCLUSION OF THE PROJECT SHOWING HOW THE GRANT FUNDS WERE SPENT ANY SINGLE DONATION REQUEST, OR DONATIONS IN THE AGGREGATE TO ANY ONE CHARITY IN A FISCAL YEAR OF \$10,000, SHALL REQUIRE THE APPROVAL OF THE UNMC PHYSICIANS BOARD OF DIRECTORS
PART III	UNMC PHYSICIANS HAS A WRITTEN FINANCIAL ASSISTANCE/CHARITY CARE POLICY

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2013

Open to Public Inspection

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

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

▶ **Attach to Form 990. ▶ See separate instructions.**

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

Department of the Treasury
Internal Revenue Service

Name of the organization
UNMC PHYSICIANS

Employer identification number

47-0785575

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 idemnification 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 checked="" 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		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
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
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Additional Data

Software ID:
Software Version:
EIN: 47-0785575
Name: UNMC PHYSICIANS

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)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
CARL V SMITH CHAIR/PRESIDENT	(i)	308,574	4,862	0	7,976	0	321,412	0
	(ii)	216,535	0	23,000	15,678	2,774	257,987	0
MICHAEL SITORIUS VICE CHAIR/DEPARTMENT CHAIR	(i)	41,732	33,500	0	0	0	75,232	0
	(ii)	247,746	0	0	20,268	6,273	274,287	0
ROBERT MUELLEMAN SECRETARY- TREASURER/DEPT CHAIR	(i)	251,958	32,000	0	19,617	0	303,575	0
	(ii)	181,270	0	0	14,895	6,029	202,194	0
CHARLES ENKE DIRECTOR	(i)	269,851	0	1,514	5,561	0	276,926	0
	(ii)	230,752	0	0	18,890	6,129	255,771	0
CRAIG W WALKER DIRECTOR	(i)	164,950	55,000	0	4,274	0	224,224	0
	(ii)	323,162	0	23,000	28,138	6,321	380,621	0
DANIEL MURMAN DIRECTOR	(i)	82,341	69,279	0	8,577	0	160,197	0
	(ii)	84,912	0	23,000	8,853	3,677	120,442	0
DAVID W MERCER DIRECTOR	(i)	454,705	60,000	0	22,025	0	536,730	0
	(ii)	223,420	0	0	14,788	5,151	243,359	0
DWIGHT JONES DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	245,028	0	0	19,894	4,158	269,080	0
JOHN SPARKS DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	197,813	0	23,000	17,831	4,022	242,666	0
JULIE VOSE DIRECTOR	(i)	212,378	7,535	0	3,674	0	223,587	0
	(ii)	121,683	0	23,000	11,685	2,332	158,700	0
KEVIN GARVIN DIRECTOR	(i)	419,407	52,219	0	15,065	0	486,691	0
	(ii)	219,482	0	0	17,566	407	237,455	0
LYNELL KLASSEN DIRECTOR	(i)	71,879	13,261	0	0	0	85,140	0
	(ii)	274,375	0	0	22,040	2,942	299,357	0
MATTHEW MORMINO DIRECTOR	(i)	346,787	30,797	0	28,186	0	405,770	0
	(ii)	100,240	0	17,500	9,882	5,785	133,407	0
QUAN NGUYEN DIRECTOR	(i)	266,668	0	0	21,375	0	288,043	0
	(ii)	196,297	0	0	16,333	3,317	215,947	0
STEVE HINRICHS DIRECTOR	(i)	197,918	40,000	0	14,465	0	252,383	0
	(ii)	207,174	0	12,000	17,917	5,907	242,998	0
STEVEN LISCO DIRECTOR	(i)	285,125	50,000	26,350	0	0	361,475	0
	(ii)	220,496	0	23,000	19,894	6,129	269,519	0
STEVEN WENGEL DIRECTOR	(i)	66,618	3,450	0	0	0	70,068	0
	(ii)	236,971	0	0	19,350	5,569	261,890	0
TROY PLUMB DIRECTOR	(i)	139,209	75,610	0	10,839	0	225,658	0
	(ii)	92,752	0	0	7,845	6,129	106,726	0
CORY D SHAW EXEC VP/CEO/thru Dec 2013	(i)	200,469	20,000	0	3,597	0	224,066	0
	(ii)	166,604	0	0	13,192	5,877	185,673	0
DENNIS BIERLE COO	(i)	221,975	20,000	20	13,623	8,365	263,983	0
	(ii)	0	0	0	0	0	0	0

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)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & Incentive compensation	(iii) Other compensation				
TROY WILHELM CFO	(i)	226,215	20,000	14,035	13,245	4,636	278,131	0
	(ii)	0	0	0	0	0	0	0
BRYAN SCHWAHN ADMINISTRATOR	(i)	111,673	0	0	18,577	0	130,250	0
	(ii)	83,408	0	0	5,764	6,129	95,301	0
CARIN BORG ADMINISTRATOR	(i)	88,202	20,000	0	12,272	0	120,474	0
	(ii)	106,979	0	0	8,903	5,322	121,204	0
DAVID MELLIGER ADMINISTRATOR	(i)	43,776	35,000	0	13,239	0	92,015	0
	(ii)	85,210	0	0	6,981	2,654	94,845	0
LISA RUNCO ADMINISTRATOR	(i)	95,219	2,000	0	14,723	0	111,942	0
	(ii)	92,392	0	0	7,705	4,798	104,895	0
ALAN LANGNAS PHYSICIAN	(i)	709,352	89,904	0	31,522	0	830,778	0
	(ii)	98,601	0	0	7,982	2,200	108,783	0
DANIEL SURDELL PHYSICIAN	(i)	468,477	0	0	35,050	0	503,527	0
	(ii)	50,485	0	17,500	5,890	6,545	80,420	0
MICHAEL MOULTON PHYSICIAN	(i)	499,450	60,000	29,498	28,044	0	616,992	0
	(ii)	104,803	0	17,500	10,044	4,129	136,476	0
WENDY JEAN WARD PHYSICIAN	(i)	541,052	68,731	0	0	0	609,783	0
	(ii)	58,942	0	17,500	0	4,938	81,380	0
WILLIAM THORELL PHYSICIAN	(i)	556,718	0	0	33,580	0	590,298	0
	(ii)	81,676	0	0	6,761	3,629	92,066	0
Brad Britigan MD President/effective Jan 2014	(i)	34,694	0	0	0	0	34,694	0
	(ii)	346,569	0	23,000	20,585	2,116	392,270	0

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
UNMC PHYSICIANS

Employer identification number

47-0785575

Return Reference	Explanation	
	PART VI, SECTION B, QUESTION 12C	<p>GOVERNANCE, MANAGEMENT, AND DISCLOSURE - CONFLICTS OF INTEREST All Covered Persons are required to complete, on an annual basis (at a minimum), a Conflict of Interest Questionnaire and Attestation of Compliance Any Covered Person considering activity that could create an actual or potential Conflict of Interest must immediately disclose the nature of the Conflict of Interest including all material facts within the Conflict of Interest Questionnaire and Attestation of Compliance During the time period between annual attestations, Covered Persons are encouraged to seek counsel and advice from the Chairman of the Board of Directors (Chairman) or Chief Executive Officer (CEO) should any questions arise as to whether or not personal activity or proposed activity would be considered a Conflict of Interest Whenever there is reason to believe that an actual or potential Conflict of Interest exists between UNMC Physicians and a Covered Person, the following procedures for reviewing a potential Conflict of Interest shall be undertaken</p> <p>1 Conflicts involving Board members or Members of Board Committees The Chairman shall serve as the Designated Reviewing Official and shall have responsibility (except when he/she is a Covered Person) to promptly bring the actual or potential Conflict of Interest to the attention of the Board for action at the next regular meeting of the Board, or during a special meeting called specifically to review the potential conflict of interest When the Chairman has an actual or potential Conflict of Interest, the CEO shall serve as the Designated Reviewing Official</p> <p>2 Conflicts involving CEO, CFO or COO The Chairman shall serve as the Designated Reviewing Official and shall have responsibility to promptly bring the actual or potential Conflict of Interest to the attention of the Board for action at the next regular meeting of the Board, or during a special meeting called specifically to review the actual or potential Conflict of Interest</p> <p>3 Conflicts involving all other Covered Persons The CEO shall serve as the Designated Reviewing Official and shall be responsible for reviewing the actual or potential Conflict of Interest UNMC Physicians shall refrain from acting upon any transaction involving an actual or potential Conflict of Interest until such time as the actual or potential Conflict of Interest has been reviewed and final resolution (i.e., approved, denied, and/or proposed an alternative arrangement) has been determined through the applicable process described below Conflicts involving Board members or Members of Board Committees A) The Covered Person shall have an opportunity and must be available to provide factual information about the actual or potential Conflict of Interest B) The Covered Person shall not participate in any way in, or be present during, the deliberations and decision-making vote with respect to such actual or potential Conflict of Interest C) The disinterested members of the Board shall consider whether the terms of the actual or potential Conflict of Interest are fair and reasonable to UNMC Physicians and shall vote to determine final resolution D) Final resolution of the arrangement by the disinterested members of the Board shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present A Covered Person shall not be counted for purposes of determining whether a quorum is present, nor for purposes of determining what constitutes a majority vote of Board members in attendance</p> <p>2 Conflicts involving CEO, CFO, COO A) The Covered Person shall have an opportunity and must be available to provide factual information about the actual or potential Conflict of Interest B) The Covered Person shall not participate in any way in, or be present during, the deliberations and decision-making vote with respect to the actual or potential Conflict of Interest C) The Chairman shall bring actual or potential Conflicts of Interest to the attention of the Board for action Members of the Board shall consider whether the terms of the actual or potential Conflict of Interest are fair and reasonable to UNMC Physicians and shall vote to determine final resolution D) Final resolution of the actual or potential Conflict of Interest by the disinterested members of the Board shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present</p> <p>3 Conflicts involving all other Covered Persons A) The Covered Person shall have an opportunity and must be available to provide factual information about the actual or potential Conflict of Interest B) The Covered Person shall not participate in any way in, or be present during, the deliberations and decision-making vote with respect to such actual or potential Conflict of Interest C) The CEO shall be responsible for reviewing and determining final resolution of actual or potential Conflicts of Interest All results shall be reported to the Chairman who may then determine whether</p>

Return Reference	Explanation	
	PART VI, SECTION B, QUESTION 12C	r any further board review or action is necessary

Return Reference	Explanation
PART VI, SECTION B, QUESTION 15A & 15B	<p>POLICIES - COMPENSATION The Compensation Committee for accepting/revising/rejecting executive compensation is comprised of 1 the Chair of the Board of Directors of UNMC Physicians ("Board"), 2 Vice Chancellor for Business and Finance of the University of Nebraska, 3 two members who are not employees of UNMC Physicians These two members shall be appointed by the Committee Chair and are subject to approval of Board, and 4 three Board members, who are chairs of clinical departments The Compensation Committee reviews all proposed compensation All compensation submitted for review must be supported by appropriate documentation, including but not limited to comparability data (i.e., Association of American Medical Colleges (AAMC)) relevant for the occupation and Corporation position The Compensation Committee shall ensure, when reviewing and approving all compensation (subject to the Compensation Committee Policy and Procedure) that its review and approval qualifies for the rebuttable presumption of reasonableness under the Intermediate Sanctions regulations (26 C F R 53 4958-6, as amended) To ensure such compliance, the Compensation Committee shall 1 ensure that no conflict of interest is present with Compensation Committee members present, 2 receive and rely upon appropriate data as to comparability from internal or external resources prior to making its determination, and 3 document the basis for its determination of reasonableness concurrently with making that determination Such documentation shall include a) the terms of the arrangement that was approved and the date it was approved, b) the members of the Compensation Committee who were present and those who voted on it (Quorum is required for any approval), c) the comparability data obtained and relied upon by the Compensation Committee and how such material was obtained, and d) the action(s) taken by the Compensation Committee AT THE END OF FISCAL 2013, UNMC PHYSICIANS RETAINED THE SERVICES OF AN INDEPENDENT CONSULTANT TO EVALUATE AND MAKE APPROPRIATE RECOMMENDATIONS ON EXECUTIVE COMPENSATION FOR FISCAL YEAR 2014</p>

Return Reference	Explanation
Form 990, Part VI, Line 19	GOVERNANCE, MANAGEMENT, AND DISCLOSURE Governing documents, Conflict of Interest policy, and audited financial statements are available to the public upon request in the administration offices

Return Reference	Explanation
PART VI, LINE 11B	GOVERNANCE, MANAGEMENT, AND DISCLOSURE The Form 990 is initially reviewed in detail by the Finance committee of the Board of Directors, with executive management and independent tax specialists present to assist with the review. The Committee's role is to thoroughly understand the Form 990 contents and to report to the full board of directors the results of its review. The review with the full Board of Directors is conducted prior to the filing of the Form 990 with the IRS. The Form 990 is sent to each Director of the Board one week prior to the Board Meeting at which the Form 990 will be reviewed and reported upon by the Committee.

Return Reference	Explanation
PART VII, SECTION A	IDENTIFICATION OF RELATED TAX-EXEMPT ORGANIZATIONS UNIVERSITY OF NEBRASKA MEDICAL CENTER IS A PART OF THE UNIVERSITY OF NEBRASKA GOVERNED BY THE BOARD OF REGENTS

Return Reference	Explanation
PART VI, SECTION A, LINE 6	GOVERNANCE, MANAGEMENT, AND DISCLOSURE The Corporation's Bylaws and Articles of Incorporation provide that all full time, part time and volunteer faculty members of the University of Nebraska College of Medicine who provide professional clinical healthcare services and have a separate employment arrangement with the Corporation are deemed members of the Corporation. Each full time member is entitled to one vote on any matter submitted to a vote of the members.

Return Reference	Explanation
PART VI, SECTION A, LINE 7A	GOVERNANCE, MANAGEMENT, AND DISCLOSURE Four director seats on the board of directors shall be filled by and elected by the full time members of the corporation

Return Reference	Explanation
PART VI, SECTION A, LINE 7B	GOVERNANCE, MANAGEMENT, AND DISCLOSURE The Board of Regents of the University of Nebraska (Board of Regents), is a public corporate body organized and existing under the Constitution and laws of the State of Nebraska The Corporation exists under the provisions of the medical service plan as adopted by the Board of Regents Therefore, certain actions taken by the Corporation require approval by the Board of Regents In addition, certain matters taken up by the Corporation's Board of Directors may require member approval

Return Reference	Explanation
PART VI, SECTION A, LINE 2	GOVERNANCE, MANAGEMENT, AND DISCLOSURE CARL V SMITH AND MICHAEL SITORIUS HAVE A BOARD RELATIONSHIP

Return Reference	Explanation
PART IV, LINE 12B	REQUIRED SCHEDULES UNMC PHYSICIANS IS A BLENDED COMPONENT UNIT OF THE UNIVERISTY OF NEBRASKA

Return Reference	Explanation
PART VI, SECTION A, LINE 1A	<p>During the fiscal year ended June 30 2014, the Board of Directors of UNMC Physicians adopted a resolution which delegated certain authority over the governance of UNMCP to an Advisory Board comprised of Jeffrey Gold, MD, Bradley Britigan, MD, William Dinsmoor, Mogens Bay, Bruce Grewcock, Nancy Keegan, James McClurg PhD, Charles Burt, MD, Timothy Kingston, MD, Debra Romberger MD, and Carl Smith MD. The UNMCP's Board of Directors retained the authority to issue non-operating debt, matters concerning its members, and commitments of UNMCP's assets in excess of \$500,000. The Board also retained the right and authority to rescind or amend the resolution at any time. This resolution and the resulting creation of an Advisory Board is an interim step towards the combination of The Nebraska Medical Center (TNMC), Bellevue Medical Center (BMC) and UNMCP to form an integrated clinical enterprise. Effective during January 2014, UNMC Physicians executive duties of President and CEO were assigned to Brad Britigan, MD and William Dinsmoor.</p>

Return Reference	Explanation
PART VI, SECTION A, LINE 9	TROY WILHELM VICE PRESIDENT OF FINANCE UNIVERSITY OF MINNESOTA PHYSICIANS 720 WASHINGTON AVE SE MINNEAPOLIS, MN 55414

Return Reference	Explanation
Part VII, Section A, Line 1A	Brad Britigan, M.D. is an officer as of January 2014. He was not paid in 2013 as an officer, however, he did receive compensation and benefits as he served as the Dean & a Physician during 2013 for UNMC & UNMC Physicians respectively.

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

Open to Public Inspection

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
- ▶ Attach to Form 990. ▶ See separate instructions.
- ▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

Name of the organization
UNMC PHYSICIANS

Employer identification number

47-0785575

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) UNIVERSITY OF NEBRASKA MEDICAL CENTER 986800 NEBRASKA MEDICAL CENTER OMAHA, NE 68198 47-0049123	EDUCATION	NE	GOVT	N/A	NA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) NONE												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) NONE									

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	Yes	
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l		No
1m	Yes	
1n	Yes	
1o	Yes	
1p	Yes	
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

Part VII **Supplemental Information**

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

Return Reference**Explanation**



**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidated Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 300
1212 N. 96th Street
Omaha, NE 68114-2274

Suite 1600
233 South 13th Street
Lincoln, NE 68508-2041

Independent Auditors' Report

The Board of Directors
The Nebraska Medical Center:

We have audited the accompanying consolidated financial statements of The Nebraska Medical Center and Affiliates, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Nebraska Medical Center and Affiliates as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Omaha, Nebraska
October 20, 2014

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidated Balance Sheets

June 30, 2014 and 2013

(Dollars in thousands)

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 113,575	85,143
Short-term investments	153,906	151,066
Patient accounts receivable, net of allowance for uncollectible accounts of \$36,687 and \$36,088 in 2014 and 2013, respectively	126,251	123,904
Other receivables	15,058	11,614
Inventories and prepaid expenses	16,534	16,549
Other current assets	2,136	1,210
Total current assets	427,460	389,486
Assets limited as to use:		
Long-term investments	53,153	45,549
Assets held by trustee	6,626	6,321
Total assets limited as to use	59,779	51,870
Property and equipment, net	378,289	408,628
Other assets:		
Deferred debt issuance costs	375	463
Investment in joint ventures	10,818	9,937
Notes receivable	1,025	2,972
Other assets	14,917	7,386
Total other assets	27,135	20,758
Total assets	\$ 892,663	870,742
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 12,484	28,459
Accounts payable	47,499	44,821
Salaries, wages, and vacation payable	43,407	38,333
Accrued interest payable	351	301
Payable to affiliates	21,608	22,185
Line of credit	11,045	14,971
Other accrued liabilities	25,815	20,627
Estimated third-party payor settlements	2,834	7,399
Total current liabilities	165,043	177,096
Other long-term liabilities	10,104	13,252
Interest rate swap liability	855	
Long-term debt and capital lease obligations, excluding current portion	83,464	86,901
Total liabilities	259,466	277,249
Net assets:		
Unrestricted	618,383	589,024
Noncontrolling interest	—	(8,955)
Total unrestricted net assets	618,383	580,069
Temporarily restricted	12,313	10,908
Permanently restricted	2,501	2,516
Total net assets	633,197	593,493
Total liabilities and net assets	\$ 892,663	870,742

See accompanying notes to consolidated financial statements.

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidated Statements of Operations

Years ended June 30, 2014 and 2013

(Dollars in thousands)

	2014	2013
Unrestricted revenues, gains, and other support:		
Patient service revenue, net of contractual adjustments and discounts	\$ 869,756	808,603
Provision for uncollectible accounts	61,978	54,641
Net patient service revenue	807,778	753,962
Cafeteria, rental income, and other support	39,248	34,835
Tuition and fees	14,429	13,942
Total unrestricted revenues, gains, and other support	861,455	802,739
Operating expenses:		
Salaries and wages	282,640	284,466
Employee benefits	68,005	67,804
Purchased services, supplies, and other	417,232	370,363
Clinic contribution expense	5,291	5,198
Depreciation and amortization	52,629	54,462
Impairment of long-lived assets	171	1,381
Interest	3,940	4,222
(Gain) loss on sale of property and equipment	237	(2)
Total operating expenses	830,145	787,894
Operating income	31,310	14,845
Other income (loss):		
Investment income	6,407	5,394
Equity in net income of joint venture	2,758	2,089
Gain on sale of investment	—	2,299
Interest rate swap fair value adjustment	(855)	—
Other	(300)	(210)
Total other income, net	8,010	9,572
Excess of revenues over expenses before noncontrolling interest	39,320	24,417
Noncontrolling interest in losses of consolidated subsidiary	836	467
Excess of revenues over expenses	40,156	24,884
Other changes in unrestricted net assets:		
Capital distributions to sponsors	(12,000)	(12,000)
Change in pension accounts	12,582	14,020
Change in unrealized gains and losses on investments, net	3,141	1,738
Net assets released from restrictions and contributions used for purchase of property and equipment	12	425
Matching college grants	(13)	(11)
Redemption of Bellevue Medical Center shares	(14,570)	—
Other	51	648
Increase in unrestricted net assets	\$ 29,359	29,704

See accompanying notes to consolidated financial statements.

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2014 and 2013

(Dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance, June 30, 2012	\$ 559,320	10,746	2,483	572,549
Excess of revenues over expenses	24,884	—	—	24,884
Capital distributions to sponsors	(12,000)	—	—	(12,000)
Change in pension accounts	14,020	—	—	14,020
Restricted gifts and grants	—	897	33	930
Change in unrealized gains and losses on investments, net	1,738	(106)	—	1,632
Net assets released from restrictions used for purchase of property and equipment	425	(425)	—	—
Restricted interest and investment income	—	637	—	637
Net assets released from restrictions for use in operations	—	(841)	—	(841)
Matching College grants	(11)	—	—	(11)
Other	648	—	—	648
Increase in net assets	<u>29,704</u>	<u>162</u>	<u>33</u>	<u>29,899</u>
Balance, June 30, 2013	589,024	10,908	2,516	602,448
Excess of revenues over expenses	40,156	—	—	40,156
Capital distributions to sponsors	(12,000)	—	—	(12,000)
Change in pension accounts	12,582	—	—	12,582
Restricted gifts and grants	—	1,071	(15)	1,056
Change in unrealized gains and losses on investments, net	3,141	484	—	3,625
Contributions for the purchase of property and equipment	12	—	—	12
Restricted interest and investment income	—	780	—	780
Net assets released from restrictions for use in operations	—	(930)	—	(930)
Matching College grants	(13)	—	—	(13)
Redemption of Bellevue Medical Center shares	(14,570)	—	—	(14,570)
Other	51	—	—	51
Increase (decrease) in net assets	<u>29,359</u>	<u>1,405</u>	<u>(15)</u>	<u>30,749</u>
Balance, June 30, 2014	<u>\$ 618,383</u>	<u>12,313</u>	<u>2,501</u>	<u>633,197</u>

See accompanying notes to consolidated financial statements.

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(Dollars in thousands)

	2014	2013
Cash flows from operating activities:		
Increase in net assets	\$ 30,749	29,899
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	52,629	54,462
Amortization of deferred debt issuance costs	88	88
(Gain) loss on sale of property and equipment	237	(2)
Provision for uncollectible accounts	61,978	54,641
Equity in net income of joint venture	(2,758)	(2,089)
Gain on sale of investment	—	(2,299)
Cash distributed by joint ventures	1,877	3,505
Noncontrolling interest in losses of consolidated subsidiary	(836)	(467)
Impairment of long-lived assets	171	1,381
Restricted gifts and grants	(1,056)	(930)
Contributions for the purchase of property and equipment	(12)	—
Redemption of Bellevue Medical Center Shares	14,570	—
Capital distributions to sponsors	12,000	12,000
Interest rate swap fair value adjustment	855	—
Restricted interest and investment income	(780)	(637)
Realized and unrealized losses on investments, net	(5,444)	(2,391)
Change in pension accounts	(12,582)	(14,020)
Matching college grants	13	11
Changes in assets and liabilities:		
Patient accounts receivable	(64,325)	(67,378)
Other receivables	(3,444)	(5,578)
Inventories and prepaid expenses	15	(2,141)
Other assets	1,596	(269)
Accounts payable	2,678	2,976
Salaries, wages, and vacation payable	8,491	4,253
Accrued interest payable	50	(397)
Payable to affiliates	1,847	(995)
Other accrued liabilities	2,040	7,126
Estimated third-party payor settlements	(4,565)	(3,526)
Net cash provided by operating activities	96,082	67,223
Cash flows from investing activities:		
Purchases of short-term investments	(82,663)	(83,038)
Sales of short-term investments	85,708	109,003
Purchases of assets limited as to use	(35,381)	(19,375)
Sales of assets limited as to use	27,798	28,011
Additions to property and equipment	(21,352)	(29,948)
Net cash provided by (used in) investing activities	(25,890)	4,653
Cash flows from financing activities:		
Principal payments on long-term debt and capital lease obligations	(20,890)	(27,423)
Payments received on notes receivable	1,054	(973)
Proceeds (repayments) from (on) line of credit	(3,926)	4,971
Issuance of long-term debt	144	881
Minority interest contributions	—	35
Redemption of Bellevue Medical Center Shares	(4,779)	—
Capital distributions to sponsors	(14,424)	(7,807)
Restricted contributions and interest received	1,061	1,176
Net cash used in financing activities	(41,760)	(29,140)
Net increase in cash and cash equivalents	28,432	42,736
Cash and cash equivalents, beginning of year	85,143	42,407
Cash and cash equivalents, end of year	\$ 113,575	85,143
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 3,802	4,531

Supplemental disclosures of noncash items:

During 2014 and 2013, NMC entered into capital lease obligations of \$1,334 and \$24,889, respectively.

During 2014, noncontrolling interests of \$(9,791) were redeemed in connection with the redemption of shares in lieu of cash.

In conjunction with distributions declared, receivable from affiliates of \$8,425 and \$1,807 were forgiven in lieu of repayments during 2014 and 2013, respectively.

See accompanying notes to consolidated financial statements.

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
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(Dollars in thousands)

(1) Organization

The Nebraska Medical Center and Affiliates (NMC) is a not-for-profit acute care hospital, which provides and promotes effective and efficient quality healthcare and related services, and supports the academic mission of the University of Nebraska Medical Center (UNMC). NMC operates the largest hospital in the area, which facilitates the clinical operations of both private and academic physicians, serving primarily eastern Nebraska and western Iowa.

NMC was formed on October 1, 1997 pursuant to a Joint Operating Agreement between the Board of Regents of the University of Nebraska (Board of Regents); Clarkson Regional Health Services, Inc. (CRHS); and Bishop Clarkson Memorial Hospital (Clarkson), integrating the operations and facilities of parties commonly referred to as University and Clarkson Hospitals (note 3).

The consolidated financial statements include the accounts of NMC, the Bellevue Medical Center, Clarkson College (the College), NHS Orthopedic Services, Inc. and Nebraska Health Partners, Inc. The College is an educational institution that maintains and offers programs of study including, but not limited to, degrees in nursing. Bellevue Medical Center, LLC (BMC) is a Nebraska limited liability company, formed between numerous physicians and physician groups, including UNMC Physicians (UNMCP) and NMC. BMC was formed to lease and operate an acute care hospital located in Bellevue, Nebraska. NMC owned 100% as of June 30, 2014 and 68% as of June 30, 2013 of BMC and has appropriately reflected the noncontrolling interest in the accompanying consolidated financial statements. NHS Orthopedic Services, Inc. owns a minority interest in Nebraska Orthopedic Hospital (NOH) (note 14). Nebraska Health Partners, Inc. is a contracting entity, negotiating managed care rates for NMC. The corporation is 100% owned by NMC as of June 30, 2014. All significant intercompany accounts and transactions have been eliminated in the consolidation.

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of NMC. These policies are in accordance with U.S. generally accepted accounting principles.

(a) Use of Estimates

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

(b) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less when purchased.

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(c) Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally using the first-in, first-out cost method.

(d) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investments in common collective trusts are recorded at net asset value (NAV) as a practical expedient to fair value. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities.

NMC periodically reviews its investment portfolio to determine whether any unrealized losses are other than temporary. Based on this evaluation, there were no other-than-temporary losses recognized in 2014 and 2013.

Short-term investments include investments with maturity dates in excess of one year as they are considered to be available-for-sale for use in day-to-day operations.

(e) Provision for Uncollectible Accounts

The provision for uncollectible accounts is based upon management's assessment of expected net collections considering the accounts receivable aging, historical collections experience, economic conditions, trends in healthcare coverage, and other collection indicators. Management periodically assesses the adequacy of the allowances for uncollectible accounts and contractual adjustments based upon historical write-off experience by payor category. The results of these reviews are used to establish the net realizable value of patients accounts receivable. NMC follows established guidelines for placing certain patient balances with collection agencies. Self-pay accounts are charged against the allowance for uncollectible accounts at the time of transfer to the collection agency. Deductibles and coinsurance are classified as either third-party or self-pay receivables on the basis of which party had the original financial responsibility, while the total gross revenue remains classified based on the primary payor at the time of service. There are various factors that can impact collection trends, such as changes in the economy, which in turn may have an impact on unemployment rates and the number of uninsured and underinsured patients, the volume of patients through the emergency departments, the increased burden of copayments and deductibles to be made by patients with insurance, and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process. Net patient accounts receivable have been adjusted to the estimated amounts expected to be collected and do not bear interest.

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(Dollars in thousands)

(f) *Assets Limited as to Use*

Assets limited as to use primarily includes assets held by trustees under indenture agreements, designated assets set aside by the board of directors for future capital improvements, over which the board of directors retains control and may, at its discretion, subsequently use for other purposes; and assets whose use has been limited by donors to a specific time period or purpose.

(g) *Property and Equipment*

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method based on the following useful lives:

Land improvements	10–40 years
Buildings and improvements	5–40 years
Equipment and furnishings	3–20 years

Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or their estimated useful lives. Equipment under capital lease obligations with a bargain purchase option or where title passes at the end of the lease are amortized over their estimated useful lives. Such amortization is included in depreciation and amortization in the accompanying consolidated statements of operations. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. During 2014 and 2013, there was \$197 and \$162, respectively, of interest capitalized.

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

(h) *Long-Lived Assets*

NMC reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(i) *Investment in Joint Ventures*

NMC has invested in various joint ventures and accounts for such investments using either the equity or the cost methods of accounting based on the relative percentage of ownership.

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(j) *Deferred Debt Issuance Costs*

In connection with the issuance of Hospital Revenue Bonds and Educational Finance Authority Revenue Bonds, NMC and the College incurred certain financing costs, which are being amortized over the term of the bonds.

(k) *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those whose use by NMC has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by NMC in perpetuity.

(l) *Excess of Revenues over Expenses*

The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets, (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets), donations to sponsors, redemption of BMC shares and change in pension accounts.

(m) *Net Patient Service Revenue*

Revenue is recorded during the period the services are provided. NMC has agreements with third-party payors that provide for payments to NMC at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(n) *Charity Care*

NMC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because NMC does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue in the consolidated statements of operations. The cost of services and supplies furnished under NMC's charity policy are estimated by using a patient-based cost accounting system and aggregated to \$14,427 and \$14,210 in 2014 and 2013, respectively. Discounts are given to patients that do not have third-party insurance and do not meet the guidelines for governmental assistance programs. Charity adjustments are based on balances remaining after the self-pay discount program is applied.

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(o) Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

(p) Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

(q) Income Taxes

NMC and the College have been recognized as tax-exempt organizations by the Internal Revenue Service as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. BMC is a multi-member limited liability corporation treated as a partnership and therefore, is not subject to federal and state income taxes. Each member is individually responsible for their share of BMC's taxable income. NHS Orthopedic Services, Inc. and Nebraska Health Partners, Inc. are for-profit corporations which paid taxes of \$1,227 and \$1,550 in 2014 and 2013, respectively.

NMC has adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 provides specific guidance on how to address uncertainty in accounting for income tax assets and liabilities, prescribing recognition thresholds and measurement attributes. There were no uncertain tax positions at June 30, 2014 or 2013.

(r) Fair Value of Financial Instruments

NMC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. NMC determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

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- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for the asset or liability.

(s) Reclassifications

Certain balances from 2013 have been reclassified to conform to the current year presentation.

(3) Joint Operating Agreement

On October 1, 1997, the Board of Regents and CRHS entered into a Joint Operating Agreement (the Agreement) forming NMC for the purpose of providing the highest quality patient care, education, and research. The Agreement integrated the operations and physical facilities of parties commonly referred to as University and Clarkson Hospitals. NMC is governed by a board of directors comprised of six members appointed by CRHS and six members appointed by the Board of Regents.

The Agreement provided for the contribution of certain net assets by the Board of Regents and CRHS to NMC. NMC also entered into lease arrangements with CRHS and the Board of Regents providing for the lease of certain healthcare facilities. In addition, to the extent that sufficient funds are available as determined by the board of directors, annual cash flow distributions will be made to the Board of Regents and CRHS up to a specified amount determined by the board of directors. During both 2014 and 2013, NMC recorded distributions of \$12,000. As of June 30, 2014 and 2013, \$9,827 and \$12,251 of distributions, respectively, remained unpaid. These balances are recorded in payable to affiliates in the accompanying consolidated balance sheets.

The Agreement provides for termination by the parties subject to complex provisions including potential economic penalties and dispute resolution remedies. In connection with the Agreement, NMC also entered into an Academic Affiliation Agreement for Education and Research with the UNMC College of Medicine in support of the educational, research, and clinical mission of NMC (note 11).

(4) Noncontrolling Interest

As of June 30, 2014 and 2013, the noncontrolling interest had unrestricted net assets of \$0 and \$(8,955), respectively. In addition, the noncontrolling interest in losses of consolidated subsidiary was \$836 and \$467 for the years ended June 30, 2014 and 2013, respectively. During 2014, BMC redeemed the outstanding shares of the minority shareholders, resulting in NMC owning 100% of BMC as of June 30, 2014.

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(5) Net Patient Service Revenue

NMC has agreements with third-party payors that provide for payments to NMC at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

(a) Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain inpatient nonacute services, defined capital, and medical education costs related to Medicare beneficiaries are paid on a cost reimbursement method. NMC is reimbursed for cost reimbursable items at a tentative rate with final settlement after a submission of annual cost reports by NMC and audits thereof by the Medicare fiscal intermediary.

(b) Nebraska Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Certain outpatient services are reimbursed based on a percentage rate representing the average ratio of cost to charges discounted by 24%. Clinic services are paid based on fee schedule amounts.

Revenue from the Medicare and Nebraska Medicaid programs accounted for approximately 26% and 7%, respectively, of NMC's patient service revenue, net of contractual adjustments and discounts, for the year ended June 30, 2014, and 29% and 8%, respectively, of NMC's patient service revenue, net of contractual adjustments and discounts, for the year ended June 30, 2013. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2014 and 2013 net patient service revenue increased approximately \$1,755 and \$985, respectively, due to the removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

NMC has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment under these agreements includes discounts from established charges, prospectively determined per-diem rates, fee schedules, and prospectively determined rates per discharge.

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Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in 2014 and 2013 from these major payor sources, is as follows:

	2014		
	Third party payors	Self-pay	Total all payors
Patient service revenue, net of contractual adjustments and discounts	\$ 817,989	51,767	869,756
	2013		
	Third party payors	Self-pay	Total all payors
Patient service revenue, net of contractual adjustments and discounts	\$ 760,654	47,949	808,603

(6) Assets Limited as to Use

The composition of assets limited as to use as of June 30, 2014 and 2013 is set forth in the following table. Investments are stated at fair value:

	2014	2013
Long-term investments:		
Board-designated investments:		
Cash and cash equivalents	\$ 1,699	1,306
Fixed income funds	2,387	2,401
Marketable equity securities	34,781	28,949
Total board-designated investments	38,867	32,656
Assets restricted by donor in long-term investments:		
Cash and cash equivalents	1,134	922
Commercial notes	4,287	4,294
Fixed income funds	813	1,322
Marketable equity securities	8,052	6,355
Total assets restricted by donor in long-term investments	14,286	12,893
Total long-term investments	\$ 53,153	45,549

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	2014	2013
Assets held by trustee under indenture agreement:		
Cash and cash equivalents	\$ 6,626	6,321

Investment income and net gains included in the consolidated statements of operations for assets limited as to use and cash and cash equivalents are comprised of the following for the years ended June 30, 2014 and 2013:

	2014	2013
Income:		
Investment income	\$ 4,588	4,635
Net realized gains and losses on sale of investments	1,819	759
	\$ 6,407	5,394
Other changes in unrestricted net assets:		
Change in unrealized gains and losses on investments, net	\$ 3,141	1,738

At June 30, 2014 and 2013, total unrealized losses on investments approximated \$937 and \$2,034, respectively. Investments with gross unrealized losses for less than 12 months were \$819 and investments with gross unrealized losses for greater than 12 months were \$118 at June 30, 2014.

(7) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2014 and 2013:

	2014	2013
Capital acquisitions	\$ 38	38
Oncology programs	4,423	4,397
Other departmental programs	6,053	5,065
Scholarship and loan programs	566	521
Residency program	155	86
Other	1,078	801
Total temporarily restricted net assets	\$ 12,313	10,908

Included in temporarily restricted net assets as of June 30, 2014 and 2013 are pledges receivable of \$159 and \$165, respectively.

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Permanently restricted net assets are required to be maintained in perpetuity, the income of which is restricted to the following purposes:

	<u>2014</u>	<u>2013</u>
Residency program	\$ 1,000	1,000
Indigent care	50	50
Other	13	12
Physician leadership program	574	590
Scholarships	<u>864</u>	<u>864</u>
Total permanently restricted net assets	<u>\$ 2,501</u>	<u>2,516</u>

(8) Concentrations of Credit Risk

NMC grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Medicare	27%	28%
Nebraska Medicaid	9	8
Managed care/Transplant	36	34
Self-pay	15	15
Commercial	3	3
Other	<u>10</u>	<u>12</u>
	<u>100%</u>	<u>100%</u>

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(9) Property and Equipment

Property and equipment include amounts capitalized in connection with lease agreements (note 10) and consist of the following:

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 17,929	17,819
Buildings and improvements	181,605	181,605
Equipment and furnishings	734,821	712,616
Rental property	5,465	5,465
Construction in progress	17,833	21,040
	<u>957,653</u>	<u>938,545</u>
Less accumulated depreciation and amortization	579,364	529,917
Property and equipment, net	<u>\$ 378,289</u>	<u>408,628</u>

(10) Long-Term Debt and Capital Lease Obligations

At June 30, 2014 and 2013, NMC's long-term debt and capital lease obligations consist of the following:

	<u>2014</u>	<u>2013</u>
Hospital Authority No. 2 of Douglas County, Nebraska, Hospital Revenue Bonds, Series 2003, payable in varying annual installments to 2017, with interest rates ranging from 1.80% to 4.65% (NMC).	\$ 12,160	15,874
Nebraska Educational Finance Authority Revenue Bonds, Series 2011, payable in varying annual installments to 2035, with an average interest rate of 4.9% (College).	5,370	5,535
Debt obligation to the Board of Regents of the University of Nebraska, payable in fixed quarterly installments through 2015, with interest rates fixed at 3.79% (NMC).	245	1,204
Debt obligation payable in varying monthly installments to 2015, with interest rates ranging from 2.13% to 2.39% (NMC).	1,775	3,047
Capital lease for certain medical facilities, payable in equal installments of principal and interest through 2023, with interest imputed at 7.00%, collateralized by the leased premises. The building leased has a net book value of approximately \$3,105 at June 30, 2014 (NMC).	4,992	5,419

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	2014	2013
Capital lease obligation for financed medical equipment, payable in varying quarterly installments to 2014, with interest rates fixed at 3.55%. The assets leased have a net book value of approximately \$3,741 at June 30, 2014 (NMC).	\$ —	2,144
Capital lease obligation for financed medical equipment payable in fixed quarterly installments to 2015, with interest rates fixed at 2.09%. The assets leased have a net book value of \$0 at June 30, 2014 (NMC).	—	4,629
Capital lease obligation for financed medical equipment payable in fixed quarterly installments to 2016, with interest rates fixed at 2.33%. The assets leased have a net book value of \$0 at June 30, 2014 (NMC).	—	6,139
Capital lease obligation for financed medical equipment payable in fixed monthly installments to 2015, with interest rates fixed at 2.57%. The assets leased have a net book value of approximately \$533 at June 30, 2014 (NMC).	346	683
Capital lease obligation for financed IT software, medical equipment and various renovation projects payable in fixed monthly installments to 2017, with interest rates fixed at 2.15%. The assets leased have a net book value of \$0 at June 30, 2014 (NMC).	—	48,601
Capital lease obligation for financed IT software, medical equipment and various renovation projects payable in variable monthly installments to 2024, with a variable interest rate of 1.33% (65% of one month LIBOR plus 1.90%). The assets leased have a net book value of approximately \$51,790 at June 30, 2014 (NMC).	50,628	—
Capital lease obligation for financed IT hardware and software, payable in varying quarterly installments of principle and interest to 2014, with interest imputed at 4.94%. The assets leased have a net book value of \$0 at June 30, 2014 (BMC).	—	178
Capital lease obligation for financed IT hardware and software payable in fixed monthly installments to 2015, with interest rates ranging from 3.17% to 3.91%. The assets leased have a net book value of \$0 at June 30, 2014 (BMC).	—	4,850
Capital lease obligation for financed medical equipment, payable in fixed monthly installments to 2015, with interest rates fixed at 4.47%. The assets leased have a net book value of \$0 at June 30, 2014 (BMC).	—	2,700

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	2014	2013
Capital lease obligation for financed medical and general equipment, payable in varying monthly installments to 2019, with interest rates ranging from 4.14% to 4.92%. The assets leased have a net book value of \$0 at June 30, 2014 (BMC).	\$ —	14,357
Capital lease obligation for financed medical and general equipment, payable in fixed monthly installments to 2024 with interest rates fixed at 4.37%. The assets leased have a net book value of approximately \$20,432 at June 30, 2014 (BMC).	20,432	—
	95,948	115,360
Less current portion	12,484	28,459
Long-term debt and capital lease obligations, excluding current portion	\$ 83,464	86,901

Scheduled principal repayments on long-term debt and payments on capital lease obligations for the next five fiscal years and thereafter are as follows:

	Long-term debt	Capital lease obligations
2015	\$ 5,402	9,886
2016	4,884	9,536
2017	4,399	9,537
2018	175	9,628
2019	180	9,647
Thereafter	4,510	43,980
	\$ 19,550	92,214
Less amounts representing interest under the capital lease obligations		15,816
		\$ 76,398

In connection with the Agreement discussed in note 3, NMC entered into lease agreements with the Board of Regents and CRHS, the terms of which coincide with the Agreement. The lease agreements provide for the lease of the space previously assigned to University and Clarkson Hospitals and certain other common areas in exchange for annual lease payments approximating the debt service on the obligations of University and Clarkson Hospitals as of October 1, 1997. NMC has accounted for the leases as capital leases. Property and equipment capitalized in connection with the lease agreements are included in

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property and equipment in the accompanying consolidated balance sheets (note 9). In addition, the lease agreements with the Board of Regents provides for potential additional lease payments based on NMC achieving certain stipulated levels of profitability, as defined in the Agreement. No additional lease payments were required during 2014 and 2013.

The lease agreements require NMC to comply with the terms and conditions of the Trust Indentures related to the outstanding obligations, including the maintenance of certain ratios, restrictions on the amount of additional loans, asset additions, transfers, and dispositions.

The terms and provision relating to the Hospital Revenue Bonds are included in a Loan Agreement and Trust Indenture dated November 1, 2003. The College refunded the Educational Finance Authority Revenue Bonds through the issuance of Revenue Refunding Bonds (Refunding Bonds) on May 18, 2011 in the amount of \$5,760. The terms and provisions relating to the Refunding Bonds are included in the Loan Agreement and Trust Indenture dated May 18, 2011.

The Trust Indentures provide, among other things, for certain covenants related to the incurrence of additional indebtedness, a restriction on disposal of assets, maintenance of certain financial ratios, and the maintenance of certain funds to be used by the trustee to pay principal and interest on the bonds as they become due. The Refunding Bonds are secured by pledged revenues of the College.

During 2014, NMC refinanced and consolidated several existing capital leases into one long-term capital lease, and added new principal of approximately \$1,334. BMC also refinanced and consolidated existing capital leases in 2014.

In conjunction with the refinancing of the NMC capital leases, NMC entered into an interest rate swap that provides a fixed interest rate of 2.85% to hedge against fluctuations in the variability of the interest. NMC has accounted for the interest rate swap in accordance with FASB Accounting Standards Codification (ASC) Topic 815, which requires that the derivatives be recorded at fair value in the consolidated financial statements and the change in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. NMC has not met the requirements for hedge accounting. At June 30, 2014, the fair value of the interest rate swap was \$855 which was shown as an interest rate swap liability in the consolidated balance sheets.

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The maximum loss to NMC at June 30, 2014 if the financial institution failed to perform is \$0, since NMC is in a liability position. NMC may be required to post collateral under the interest rate swap agreement depending on the liability position and credit ratings. NMC may require the financial institution to post collateral if the interest rate swap is in a net asset position. The amount and terms of the swap agreement are as follows:

	Notional amount of swap	Interest rate
Capital lease obligation for financed IT software, medical equipment and various renovation projects (NMC)	\$ 51,000,000	2.850%

As of June 30, 2014, BMC has available an unsecured line of credit of \$15,000 with interest at the 30-day LIBOR rate plus 2.5%, adjusted monthly. At June 30, 2014, the interest rate was 2.7%. The line of credit expires on January 15, 2015. As of June 30, 2014, \$11,045 has been advanced on the line of credit.

As of June 30, 2014, BMC has available an unsecured letter of credit of \$7,244 that expires on March 31, 2015. No amounts have been drawn against the letter of credit.

As of June 30, 2014 and 2013, NMC is in compliance with its long-term financial debt covenants.

(11) Related-Party Transactions

NMC routinely has transactions with UNMC and UNMCP. Numerous members of the medical staff of NMC are also members of the faculty of UNMC and the practice plan of UNMCP and, in many other areas, the operations of NMC and these entities are integrated and overlap. In addition, NMC and UNMC have entered into an Academic Affiliation Agreement for Education and Research (note 3). In connection with the Agreement, NMC has agreed to financially support certain educational, research, operational, and clinical activities of the UNMC College of Medicine that further the mission and objectives of NMC. NMC also provides financial support to UNMCP, a 501(c)(3) organization affiliated with UNMC, in connection with the operation of certain specialty and primary care clinics.

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The schedule below depicts related-party transactions provided by NMC to UNMC and UNMCP. All transactions, with the exception of clinic contribution expense, are included in purchased services, supplies, and other in the accompanying consolidated statements of operations.

	2014	2013
Academic affiliation agreement	\$ 22,089	21,698
Purchased services and supplies	33,520	31,256
Program support	24,956	26,422
Salary support	16,817	13,674
Clinic contribution expense	5,291	5,198
	\$ 102,673	98,248

In addition, during 2014 and 2013, UNMC paid NMC \$11,224 and \$9,638, respectively, and UNMCP paid NMC approximately \$2,882 and \$4,189, respectively, for support services provided by NMC. These amounts are recorded in cafeteria, rental income, and other support in the accompanying consolidated statements of operations.

In connection with these activities, NMC has recorded a payable to UNMC of \$3,827 and \$525 as of June 30, 2014 and 2013. NMC has also recorded amounts payable to UNMCP of approximately \$7,954 and \$9,409 as of June 30, 2014 and 2013, respectively. These balances are recorded in payable to affiliates in the accompanying consolidated balance sheets.

NMC provides certain support services to CRHS. During 2014 and 2013, CRHS also donated \$1,575 and \$1,352, respectively, to NMC in support of its operations.

NMC has entered into a management agreement with NOH whereby NMC provides human resources to consolidated NOH (note 14). Amounts paid by NOH to NMC in both 2014 and 2013 approximated \$350.

(12) Retirement Plans

NMC sponsors a defined contribution retirement plan, The Nebraska Medical Center Retirement Plan – Base and Matching Contributions (the Plan). Generally, employees are eligible for participation after completing 12 months of continuous service and having attained the age of 21. The Plan provides for a retirement age of 65 or for earlier retirement under certain circumstances.

For the defined contribution option, NMC contributes 4% to all eligible plan participants, and also contributes an amount equal to 100% of the amount deferred by the employee under a separate 403(b) benefit plan, up to a maximum of 7% of the employee's eligible compensation based on years of service. Benefits for the defined contribution option vest over six years.

Formally, NMC sponsored a defined benefit option, which was frozen December 31, 2009. For the defined benefit option, benefits are based on years of service and the amount of compensation received during

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those years and vest over three years. Employee contributions are not permitted under the defined benefit option except for certain rollover provisions.

(a) Defined Benefit Option

The following table summarizes the projected benefit obligation, the fair value of plan assets, and the funded status at the measurement dates of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Changes to benefit obligation:		
Benefit obligation at beginning of year	\$ 104,700	118,285
Service cost	175	175
Interest cost	4,739	4,525
Expenses paid	—	(174)
Plan settlement	(5,447)	(7,579)
Actuarial gain	(1,624)	(9,079)
Benefits paid	(1,352)	(1,453)
	<u>101,191</u>	<u>104,700</u>
	<u>2014</u>	<u>2013</u>
Changes in plan assets:		
Fair value of plan assets at beginning of year	\$ 108,443	113,373
Actual return on plan assets	12,455	4,124
Employer contributions	—	152
Plan settlement	(5,447)	(7,579)
Expenses paid	—	(174)
Benefits paid	(1,352)	(1,453)
	<u>114,099</u>	<u>108,443</u>
Fair value of plan assets at end of year	<u>114,099</u>	<u>108,443</u>
Funded status at end of year	<u>\$ 12,908</u>	<u>3,743</u>
Amounts recognized in the consolidated balance sheets:		
Noncurrent assets	<u>\$ 12,908</u>	<u>3,743</u>
Net amount recognized	<u>\$ 12,908</u>	<u>3,743</u>

The accumulated benefit obligation as of June 30, 2014 and 2013 was \$101,191 and \$104,700, respectively.

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The following is a summary of the components of net periodic pension cost for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Service cost during the period	\$ 175	175
Interest cost on projected benefit obligation	4,739	4,525
Expected return on plan assets	(6,200)	(6,482)
Amortization of unrecognized loss	2,762	3,892
Settlement gain recognized	1,550	2,966
Net periodic pension cost	<u>\$ 3,026</u>	<u>5,076</u>

Other changes in plan assets and benefit obligations recognized in other changes in unrestricted net assets in 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Accumulated loss	\$ (28,791)	(40,982)
Total recognized in unrestricted net assets	<u>\$ (28,791)</u>	<u>(40,982)</u>

	<u>2014</u>	<u>2013</u>
Amounts recognized in changes in unrestricted net assets:		
Amortization of actuarial loss	\$ 4,312	6,858
Net gain recognized in the current period	7,879	6,722
Total change in unrestricted net assets	<u>\$ 12,191</u>	<u>13,580</u>

Included within the change in unrestricted net assets as of June 30, 2014 and 2013 are adjustments for \$391 and \$440, respectively, related to NMC's Supplemental Executive Retirement Plan. The estimated transition obligation, prior service cost, and net loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$0, \$0, and \$(1,609), respectively.

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Plan asset allocations and target allocations are comprised of the following investment classifications at June 30, 2014 and 2013:

	<u>Target allocations</u>	<u>2014</u>	<u>2013</u>
Equity securities	85%	84%	68%
Fixed income securities	15	15	31
Cash and cash equivalents	—	1	1
	<u>100%</u>	<u>100%</u>	<u>100%</u>

NMC's overall investment objective is to provide a return on investment consistent with maintaining a funded ratio target, which is defined by NMC. During the fiscal year ended June 30, 2014, NMC moved to a liability-driven investment strategy. The strategies employed by NMC will provide the opportunity for returns within acceptable levels of risk of loss and volatility of returns with acceptable levels of risk of loss and volatility of returns with appropriate asset allocation being the primary tool to achieve the return objectives.

The following are the actuarial assumptions used by the Plan to develop the components of pension cost for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Discount rate	4.75%	4.00%
Rate of increase in compensation levels	N/A	N/A
Expected long-term rate of return on plan assets	6.00%	6.00%

The expected long-term rate of return on plan assets reflects the anticipated rates of return on the classes of funds invested, or to be invested, to provide for the future obligation of the pension plan. The determination of this rate considers the fund's targeted asset allocation, the historical rates of return for each asset class, as well as the expected rates to be earned over the next 15 to 20 years.

The following are the actuarial assumptions used by the Plan to develop the components of the pension projected benefit obligation for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Discount rate	4.25%	4.75%
Rate of increase in compensation levels	N/A	N/A

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The benefits expected to be paid in each year from 2015 to 2019 are as follows:

2015	\$	10,159
2016		8,189
2017		8,064
2018		8,550
2019		8,970

The aggregate benefits expected to be paid in the five years from 2020 to 2024 are \$33,594. The expected benefits to be paid are based on the same assumptions used to measure NMC's benefit obligation at June 30, 2014 and include estimated employee service.

NMC does not expect to contribute to its retirement plan in 2015.

The Plan's investments are measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2014 and 2013 as follows:

		June 30, 2014 fair value/NAV	Level 1	Level 2	Level 3
Plan assets:					
Cash and cash equivalents	\$	953	953	—	—
Domestic equity		17,459	—	17,459	—
Commercial notes		95,687	—	95,687	—
Total plan assets	\$	114,099	953	113,146	—
		June 30, 2013 fair value/NAV	Level 1	Level 2	Level 3
Plan assets:					
Cash and cash equivalents	\$	1,037	1,037	—	—
Domestic equity		33,898	—	33,898	—
Commercial notes		73,508	—	73,508	—
Total plan assets	\$	108,443	1,037	107,406	—

There were no transfers between levels for the years ended June 30, 2014 and 2013.

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(b) *Defined Contribution Option*

The Plan provides employees with a noncontributory defined contribution retirement option. During 2014 and 2013, NMC contributed \$19,772 and \$19,707, respectively, to the Plan in connection with this option.

(13) Insurance Coverage

NMC is insured under a claims-made policy for its professional liability and an occurrence-based policy for its general liability coverage, which expires October 15, 2015. The policy has a deductible of \$200 per occurrence with aggregate coverage of \$1,000 per occurrence and \$3,000 annual aggregate. In addition, NMC has excess coverage providing for \$50,000 per occurrence and in the aggregate. In the event that the current policy is not renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. NMC is also insured under an occurrence-based policy for its workers' compensation insurance. The policy has a deductible of \$300 per occurrence with an aggregate stop loss, subject to payroll audit of \$4,000.

NMC has established reserves for possible losses on both asserted and unasserted claims based upon an independent actuarial study. The actuarially estimated claims have been discounted using a discount rate of 3.0%.

NMC is also self-insured under its employee group health and dental program up to certain limits. Included in the accompanying consolidated statements of operations is a provision for premiums for excess coverage and payments for claims, including estimates of the ultimate costs for both reported claims and claims incurred, but not yet reported at year-end.

Management of NMC is presently not aware of any unasserted workers' compensation, health and dental, and general or professional liability claims, which would have a material adverse impact on the accompanying consolidated financial statements.

(14) Joint Ventures

NMC holds a 46.45% equity position as of June 30, 2014 and 2013 in NOH, a specialty orthopedic hospital located in Omaha, Nebraska. NMC's equity in the net income of NOH for the years ended June 30, 2014 and 2013, was \$2,897 and \$2,280, respectively, and has been reflected as such in the accompanying consolidated statements of operations.

NMC has entered into a joint venture with Shenandoah Memorial Hospital for the purpose of forming Shenandoah/NHS Regional Ventures, LLC (Shenandoah), which owns and operates an acute care hospital and a long-term care facility in Shenandoah, Iowa. NMC is entitled to a return on its investment based upon cash flows, as set forth in the Agreement. NMC has accounted for its investment based on its original cost.

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NMC also entered into an affiliation agreement with Community Hospital Association, Inc., which owns and operates an acute care hospital located in Fairfax, Missouri. NMC is entitled to a return on its investment based upon a predefined formula, as set forth in the Agreement. NMC has accounted for its investment based on its original cost.

(15) Functional Expenses

NMC provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2014	2013
Health care services	\$ 572,588	553,686
General and administrative	257,557	234,208
	\$ 830,145	787,894

(16) Contingencies

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursements for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that NMC is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, which are expected to have a material effect on NMC's consolidated financial statements, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

(17) Long-Lived Assets

NMC reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Measurement of any impairment would include a comparison of the present value of the estimated future operating cash flows anticipated to be generated during the remaining life of the assets to the net carrying value of the assets. During 2014 and 2013, NMC identified \$171 and \$1,381, respectively, of assets which were impaired. Those amounts are reflected as operating expenses in the accompanying consolidated statements of operations.

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(18) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of NMC financial instruments at June 30, 2014 and 2013. The fair value of financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date:

	<u>2014</u>		<u>2013</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets:				
Cash and cash equivalents	\$ 113,575	113,575	85,143	85,143
Short-term investments	153,906	153,906	151,066	151,066
Patient accounts receivable	126,251	126,251	123,904	123,904
Other receivables	15,058	15,058	11,614	11,614
Assets limited as to use	59,779	59,779	51,870	51,870
Notes receivable	3,004	3,004	4,058	4,058
Financial liabilities:				
Accounts payable	\$ 47,499	47,499	45,252	45,252
Salaries, wages, and vacation payable	43,407	43,407	38,333	38,333
Accrued interest payable	351	351	301	301
Payable to affiliates	21,608	21,608	21,754	21,754
Line of credit	11,045	11,045	14,971	14,971
Other accrued liabilities	25,815	25,815	20,627	20,627
Estimated third-party payor settlements	2,834	2,834	7,399	7,399
Other long-term liabilities	10,104	10,104	13,252	13,252
Interest rate swap liability	855	855	—	—
Debt and capital lease obligations	95,948	102,656	115,360	118,897

The carrying amounts shown in the table are included in the consolidated balance sheets under the indicated captions. The fair values of the financial instruments shown in the table as of June 30, 2014 and 2013 represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects NMC's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by NMC based on the best information available in those circumstances.

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The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents, patient accounts receivable, other receivables, notes receivable, accounts payable, salaries, wages and vacation payable, accrued interest payable, payable to affiliates, line of credit, other accrued liabilities, estimated third-party payor settlements, and other long-term liabilities – The carrying amount approximates fair value because of the short maturity of these instruments.

Short-term investments and assets limited as to use – The fair value is based on quoted market prices or estimated quoted market prices for similar securities, if available.

Interest rate swap liability – the fair value of the interest rate swap liability is determined using pricing models developed based on the swap interest rate and other observable market data.

Debt and capital lease obligations – The fair value was determined by discounting the future cash flows of the debt and capital lease obligations that reflect, among other things, market interest rates and NMC's credit standing. The discount rate used for 2014 and 2013 was 4.37% and 4.25%, respectively

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(b) Fair Value Hierarchy

The following tables present the financial instruments that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at June 30, 2014 and 2013:

	2014			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Cash and cash equivalents	\$ 113,575	113,575	—	—
Short-term investments:				
Cash and cash equivalents	\$ 42,205	42,205	—	—
U.S. Treasury notes	40,676	—	40,676	—
Commercial notes	71,025	—	71,025	—
	<u>153,906</u>	<u>42,205</u>	<u>111,701</u>	<u>—</u>
Total short-term investments	<u>\$ 153,906</u>	<u>42,205</u>	<u>111,701</u>	<u>—</u>
Long-term investments:				
Cash and cash equivalents	\$ 2,833	2,833	—	—
Commercial notes	4,287	—	4,287	—
Common stock	30,501	30,501	—	—
Domestic equity funds	11,183	11,183	—	—
Fixed-income funds	3,200	3,200	—	—
International equity funds	1,149	1,149	—	—
	<u>53,153</u>	<u>48,866</u>	<u>4,287</u>	<u>—</u>
Total assets limited as to use	<u>\$ 53,153</u>	<u>48,866</u>	<u>4,287</u>	<u>—</u>
Assets held by trustee:				
Cash and cash equivalents	\$ 6,626	6,626	—	—

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	2013			
	Fair value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 85,143	85,143	—	—
Short-term investments:				
Cash and cash equivalents	\$ 41,396	41,396	—	—
U.S. Treasury notes	38,797	—	38,797	—
Commercial notes	70,873	—	70,873	—
Total short-term investments	<u>\$ 151,066</u>	<u>41,396</u>	<u>109,670</u>	<u>—</u>
Long-term investments:				
Cash and cash equivalents	\$ 2,228	2,228	—	—
Commercial notes	4,294	—	4,294	—
Common stock	25,402	25,402	—	—
Domestic equity funds	8,974	8,974	—	—
Fixed-income funds	3,723	3,723	—	—
International equity funds	928	928	—	—
Total assets limited as to use	<u>\$ 45,549</u>	<u>41,255</u>	<u>4,294</u>	<u>—</u>
Assets held by trustee:				
Cash and cash equivalents	\$ 6,321	6,321	—	—

There were no transfers between levels for the years ended June 30, 2014 and 2013.

(19) Commitments

(a) Operating Leases

Certain buildings and equipment are being leased under long-term noncancelable operating leases. In most cases, management expects that, in the normal course of operations, the leases will be renewed or replaced by other leases. The total rent expense under operating leases for 2014 and 2013 was \$18,731 and \$19,079, respectively.

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The following is a schedule by year of future minimum rental payments required under noncancelable operating leases by NMC and BMC that have initial or remaining lease terms in excess of one year as of June 30, 2014:

2015	\$	18,641
2016		18,345
2017		18,324
2018		18,305
2019		18,439

(b) Other

NMC and UNMC are developing the Fred and Pamela Buffett Cancer Center (the Cancer Center). The Cancer Center will be a \$323,000 complex comprised of a \$110,000 10-story, 98-laboratory research tower named the Suzanne and Walter Scott Cancer Research Tower, a \$213,000 7-story, 108-bed inpatient treatment center named the C.L. Werner Cancer Hospital, and additional outpatient cancer areas. The Cancer Center will be owned by UNMC and NMC's commitment is to lease the clinical space from UNMC. The lease payments will begin before completion of the project and will be based on costs not funded by donations. Currently it is estimated that the present value of the lease payments is approximately \$40,000.

During 2014, NMC's Board of Directors approved the construction of the Lauritzen Outpatient Center (the Outpatient Center). The Outpatient Center will be a \$70,000 4-story building and will house outpatient clinics, an outpatient surgery center, and other services. Approximately \$20,600 of the project cost will be funded through donations, with the remainder funded through long-term debt. The building is projected to be completed in the fall of 2016.

(20) Subsequent Events

Effective July 1, 2014, UNMCP and NMC have entered into an Interim Clinical Enterprise Integration and Management Agreement. Clinical Enterprise is defined as NMC, BMC, and UNMCP. Under the terms of the agreement, UNMCP designates NMC as its agent and service provider to provide Management Services to UNMCP to facilitate the financial, operational, and managerial integration of the Clinical Enterprise as of July 1, 2014. During the term of this agreement, the parties will continue to work towards finalization of the legal integration and creation of a permanent governance structure for the Clinical Enterprise. As part of the permanent integration, it is anticipated that a significant portion of the assets and liabilities of UNMCP will not be contributed to the Clinical Enterprise, and will remain in control of the UNMC College of Medicine.

NMC has reviewed subsequent events through October 20, 2014, the date the consolidated financial statements were issued, and concluded that there were no events or transactions during this period that would require recognition or disclosure in the consolidated financial statements other than those already disclosed.

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Consolidating Balance Sheet

June 30, 2014

(Dollars in thousands)

Assets	Hospital operations	College operations	Eliminations	Consolidated
Current assets:				
Cash and cash equivalents	\$ 113,019	556		113,575
Short-term investments	153,906	—	-	153,906
Patient accounts receivable, net of allowance for uncollectible accounts of \$36,687	126,251	—	—	126,251
Other receivables	14,375	683	—	15,058
Inventories and prepaid expenses	16,494	40	—	16,534
Other current assets	2,136	—	—	2,136
Total current assets	<u>426,181</u>	<u>1,279</u>	<u>—</u>	<u>427,460</u>
Assets limited as to use				
Long-term investments	51,103	2,050	—	53,153
Assets held by trustee	6,626	—	—	6,626
Total assets limited as to use	<u>57,729</u>	<u>2,050</u>	<u>—</u>	<u>59,779</u>
Property and equipment, net	364,850	13,439	—	378,289
Other assets:				
Deferred debt issuance costs	247	128	—	375
Investment in joint ventures	10,818	—	—	10,818
Notes receivable	1,025	—	—	1,025
Investment in subsidiary	8,500	—	(8,500)	—
Other assets	14,917	—	—	14,917
Total other assets	<u>35,507</u>	<u>128</u>	<u>(8,500)</u>	<u>27,135</u>
Total assets	<u>\$ 884,267</u>	<u>16,896</u>	<u>(8,500)</u>	<u>892,663</u>
Liabilities and Net Assets (Deficit)				
Current liabilities				
Current portion of long-term debt and capital lease obligations	\$ 12,319	165	—	12,484
Accounts payable	46,830	669	—	47,499
Salaries, wages, and vacation payable	43,407	—	—	43,407
Accrued interest payable	270	81	—	351
Payable to affiliates	21,608	—	—	21,608
Line of credit	11,045	—	—	11,045
Other accrued liabilities	23,539	2,276	—	25,815
Estimated third-party payor settlements	2,834	—	—	2,834
Total current liabilities	<u>161,852</u>	<u>3,191</u>	<u>—</u>	<u>165,043</u>
Other long-term liabilities	10,104	—	—	10,104
Interest rate swap liability	855	—	-	855
Long-term debt and capital lease obligations, excluding current portion	78,259	5,205	—	83,464
Total liabilities	<u>251,070</u>	<u>8,396</u>	<u>—</u>	<u>259,466</u>
Net assets (deficit)				
Unrestricted	618,383	6,081	(6,081)	618,383
Noncontrolling interest	—	—	—	—
Total unrestricted net assets (deficit)	<u>618,383</u>	<u>6,081</u>	<u>(6,081)</u>	<u>618,383</u>
Temporarily restricted	12,313	1,555	(1,555)	12,313
Permanently restricted	2,501	864	(864)	2,501
Total net assets (deficit)	<u>633,197</u>	<u>8,500</u>	<u>(8,500)</u>	<u>633,197</u>
Total liabilities and net assets	<u>\$ 884,267</u>	<u>16,896</u>	<u>(8,500)</u>	<u>892,663</u>

See accompanying independent auditors' report.

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
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Consolidating Statement of Operations

Year ended June 30, 2014

(Dollars in thousands)

	Hospital operations	College operations	Total	Eliminations	Consolidated
Unrestricted revenues, gains, and other support					
Patient service revenue, net of contractual adjustments and discounts	\$ 869,756	—	869,756		869,756
Provision for uncollectible accounts	61,978	—	61,978		61,978
Net patient service revenue	807,778	—	807,778		807,778
Cafeteria, rental income, and other support	39,248	—	39,248		39,248
Tuition and fees	—	15,309	15,309	(880)	14,429
Total unrestricted revenues, gains, and other support	847,026	15,309	862,335	(880)	861,455
Operating expenses					
Salaries and wages	272,137	10,503	282,640	—	282,640
Employee benefits	65,714	2,291	68,005	—	68,005
Purchased services, supplies, and other	415,258	2,854	418,112	(880)	417,232
Clinic contribution expense	5,291	—	5,291	—	5,291
Depreciation and amortization	51,645	984	52,629	—	52,629
Impairment of long-lived assets	171	—	171	—	171
Interest	3,698	242	3,940	—	3,940
Loss on sale of property and equipment	227	10	237	—	237
Total operating expenses	814,141	16,884	831,025	(880)	830,145
Operating income (loss)	32,885	(1,575)	31,310	—	31,310
Other income (loss)					
Investment income	6,407	—	6,407	—	6,407
Equity in losses of subsidiary	(1,575)	—	(1,575)	1,575	—
Equity in net income of joint venture	2,758	—	2,758	—	2,758
Interest rate swap fair value adjustment	(855)	—	(855)	—	(855)
Other	(300)	—	(300)	—	(300)
Total other income, net	6,435	—	6,435	1,575	8,010
Excess of revenues over (under) expense before noncontrolling interest	39,320	(1,575)	37,745	1,575	39,320
Noncontrolling interest in losses of consolidated subsidiary	836	—	836	—	836
Excess of revenues over (under) expenses	40,156	(1,575)	38,581	1,575	40,156
Other changes in unrestricted net assets					
Capital distributions to sponsors	(12,000)	—	(12,000)	—	(12,000)
Equity in other changes in net assets of subsidiary	478	—	478	(478)	—
Change in pension accounts	12,582	—	12,582	—	12,582
Change in unrealized losses on investments, net	3,141	—	3,141	—	3,141
Transfers from (to) affiliated entities	(478)	478	—	—	—
Net assets released from restrictions used for purchase of property and equipment	12	—	12	—	12
Matching college grants	(13)	—	(13)	—	(13)
Redemption of Bellevue Medical Center shares	(14,570)	—	(14,570)	—	(14,570)
Other	51	—	51	—	51
Increase (decrease) in unrestricted net assets	\$ 29,359	(1,097)	28,262	1,097	29,359

See accompanying independent auditors' report

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidating Statement of Changes in Net Assets

Year ended June 30, 2014

(Dollars in thousands)

	<u>Hospital operations</u>	<u>College operations</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted:				
Balance, June 30, 2013	\$ 589,024	7,178	(7,178)	589,024
Excess of revenues over (under) expenses	40,156	(1,575)	1,575	40,156
Equity in other changes in net assets of subsidiary	478	—	(478)	—
Change in pension accounts	12,582	—	—	12,582
Capital distributions to sponsors	(12,000)	—	—	(12,000)
Change in unrealized gains and losses on investments net	3,141	—	—	3,141
Transfers from (to) affiliated entities	(478)	478	—	—
Contributions for the purchase of property and equipment	12	—	—	12
Matching College grants	(13)	—	—	(13)
Redemption of Bellevue Medical Center shares	(14,570)	—	—	(14,570)
Other	51	—	—	51
Increase (decrease) in net assets	<u>29,359</u>	<u>(1,097)</u>	<u>1,097</u>	<u>29,359</u>
Balance, June 30, 2014	<u>\$ 618,383</u>	<u>6,081</u>	<u>(6,081)</u>	<u>618,383</u>
Temporarily restricted				
Balance, June 30, 2013	\$ 10,908	1,235	(1,235)	10,908
Equity in other changes in net assets of subsidiary	320	—	(320)	—
Restricted gifts and grants	723	348	—	1,071
Restricted interest and investment income	454	326	—	780
Change in unrealized gains and losses on investments net	484	—	—	484
Net assets released from restrictions used for purchase of property and equipment	—	—	—	—
Net assets released from restrictions for use in operations	(576)	(354)	—	(930)
Increase (decrease) in net assets	<u>1,405</u>	<u>320</u>	<u>(320)</u>	<u>1,405</u>
Balance, June 30, 2014	<u>\$ 12,313</u>	<u>1,555</u>	<u>(1,555)</u>	<u>12,313</u>
Permanently restricted				
Balance, June 30, 2013	\$ 2,516	864	(864)	2,516
Restricted gifts and grants	(15)	—	—	(15)
Decrease in net assets	<u>(15)</u>	<u>—</u>	<u>—</u>	<u>(15)</u>
Balance, June 30, 2014	<u>\$ 2,501</u>	<u>864</u>	<u>(864)</u>	<u>2,501</u>

See accompanying independent auditors' report

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidating Balance Sheet

June 30, 2013

(Dollars in thousands)

Assets	Hospital Operations	College Operations	Eliminations	Consolidated
Current assets:				
Cash and cash equivalents	\$ 84,659	484	—	85,143
Short-term investments	151,066	—	—	151,066
Patient accounts receivable, net of allowance for uncollectible accounts of \$36,088	123,904	—	—	123,904
Other receivables	10,855	759	—	11,614
Inventories and prepaid expenses	16,497	52	—	16,549
Other current assets	1,210	—	—	1,210
Total current assets	388,191	1,295	—	389,486
Assets limited as to use				
Long-term investments	43,815	1,734	—	45,549
Assets held by trustee	6,321	—	—	6,321
Total assets limited as to use	50,136	1,734	—	51,870
Property and equipment, net	394,695	13,933	—	408,628
Other assets:				
Deferred debt issuance costs	330	133	—	463
Investment in joint ventures	9,937	—	—	9,937
Notes receivable	2,972	—	—	2,972
Investment in subsidiary	9,277	—	(9,277)	—
Other assets	7,386	—	—	7,386
Total other assets	29,902	133	(9,277)	20,758
Total assets	\$ 862,924	17,095	(9,277)	870,742
Liabilities and Net Assets (Deficit)				
Current liabilities:				
Current portion of long-term debt and capital lease obligations	\$ 28,294	165	—	28,459
Accounts payable	44,796	25	—	44,821
Salaries, wages, and vacation payable	38,328	5	—	38,333
Accrued interest payable	220	81	—	301
Payable to affiliates	22,185	—	—	22,185
Line of credit	14,971	—	—	14,971
Other accrued liabilities	18,455	2,172	—	20,627
Estimated third-party pay or settlements	7,399	—	—	7,399
Total current liabilities	174,648	2,448	—	177,096
Other long-term liabilities	13,252	—	—	13,252
Long-term debt and capital lease obligations excluding current portion	81,531	5,370	—	86,901
Total liabilities	269,431	7,818	—	277,249
Net assets (deficit):				
Unrestricted	589,024	7,178	(7,178)	589,024
Noncontrolling interest	(8,955)	—	—	(8,955)
Total unrestricted net assets (deficit)	580,069	7,178	(7,178)	580,069
Temporarily restricted	10,908	1,235	(1,235)	10,908
Permanently restricted	2,516	864	(864)	2,516
Total net assets (deficit)	593,493	9,277	(9,277)	593,493
Total liabilities and net assets	\$ 862,924	17,095	(9,277)	870,742

See accompanying independent auditors' report

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidating Statement of Operations

Year ended June 30, 2013

(Dollars in thousands)

	Hospital Operations	College Operations	Total	Eliminations	Consolidated
Unrestricted revenues, gains, and other support					
Patent service revenue, net of contractual adjustments and discounts	\$ 808,603		808,603	—	808,603
Provision for uncollectible accounts	54,641		54,641	—	54,641
Net patient service revenue	753,962		753,962		753,962
Cafeteria, rental income, and other support	34,835		34,835	—	34,835
Tuition and fees		14,822	14,822	(880)	13,942
Total unrestricted revenues, gains, and other support	788,797	14,822	803,619	(880)	802,739
Operating expenses					
Salaries and wages	274,377	10,089	284,466	—	284,466
Employee benefits	66,053	1,751	67,804	—	67,804
Purchased services, supplies, and other	368,157	3,086	371,243	(880)	370,363
Clinic contribution expense	5,198		5,198	—	5,198
Depreciation and amortization	53,458	1,004	54,462	—	54,462
Impairment of long-lived assets	1,381		1,381	—	1,381
Interest	3,978	244	4,222	—	4,222
Gain on sale of property and equipment	(2)	—	(2)	—	(2)
Total operating expenses	772,600	16,174	788,774	(880)	787,894
Operating income (loss)	16,197	(1,352)	14,845	—	14,845
Other income (loss)					
Investment income	5,394	—	5,394	—	5,394
Equity in losses of subsidiary	(1,352)	—	(1,352)	1,352	—
Equity in net income of joint venture	2,089		2,089	—	2,089
Gain on sale of investment	2,299		2,299	—	2,299
Other	(210)	—	(210)	—	(210)
Total other income, net	8,220	—	8,220	1,352	9,572
Excess of revenues over (under) expenses before noncontrolling interest	24,417	(1,352)	23,065	1,352	24,417
Noncontrolling interest in losses of consolidated subsidiary	467		467	—	467
Excess of revenues over (under) expenses	24,884	(1,352)	23,532	1,352	24,884
Other changes in unrestricted net assets					
Capital distributions to sponsors	(12,000)		(12,000)	—	(12,000)
Equity in other changes in net assets of subsidiary	907		907	(907)	—
Change in pension accounts	14,020		14,020	—	14,020
Change in unrealized losses on investments, net	1,738		1,738	—	1,738
Transfers from (to) affiliated entities	(907)	907	—	—	—
Net assets released from restrictions used for purchase of property and equipment	425		425	—	425
Matching college grants	(11)		(11)	—	(11)
Other	648		648	—	648
Increase (decrease) in unrestricted net assets	\$ 29,704	(445)	29,259	445	29,704

See accompanying independent auditors' report

**THE NEBRASKA MEDICAL CENTER AND AFFILIATES
OMAHA, NEBRASKA**

Consolidating Statement of Changes in Net Assets

Year ended June 30, 2013

(Dollars in thousands)

	<u>Hospital Operations</u>	<u>College Operations</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted:				
Balance, June 30, 2012	\$ 559,320	7,623	(7,623)	559,320
Excess of revenues over (under) expenses	24,884	(1,352)	1,352	24,884
Equity in other changes in net assets of subsidiary	907	—	(907)	—
Change in pension accounts	14,020	—	—	14,020
Capital distributions to sponsors	(12,000)	—	—	(12,000)
Change in unrealized gains and losses on investments, net	1,738	—	—	1,738
Transfers from (to) affiliated entities	(907)	907	—	—
Net assets released from restrictions used for purchase of property and equipment	425	—	—	425
Matching College grants	(11)	—	—	(11)
Other	648	—	—	648
Increase (decrease) in net assets	<u>29,704</u>	<u>(445)</u>	<u>445</u>	<u>29,704</u>
Balance, June 30, 2013	<u>\$ 589,024</u>	<u>7,178</u>	<u>(7,178)</u>	<u>589,024</u>
Temporarily restricted:				
Balance, June 30, 2012	\$ 10,746	1,054	(1,054)	10,746
Equity in other changes in net assets of subsidiary	181	—	(181)	—
Restricted gifts and grants	579	318	—	897
Restricted interest and investment income	485	152	—	637
Change in unrealized losses on investments, net	(106)	—	—	(106)
Net assets released from restrictions used for purchase of property and equipment	(425)	—	—	(425)
Net assets released from restrictions for use in operations	(552)	(289)	—	(841)
Increase (decrease) in net assets	<u>162</u>	<u>181</u>	<u>(181)</u>	<u>162</u>
Balance, June 30, 2013	<u>\$ 10,908</u>	<u>1,235</u>	<u>(1,235)</u>	<u>10,908</u>
Permanently restricted:				
Balance, June 30, 2012	\$ 2,483	864	(864)	2,483
Restricted gifts and grants	33	—	—	33
Increase in net assets	<u>33</u>	<u>—</u>	<u>—</u>	<u>33</u>
Balance, June 30, 2013	<u>\$ 2,516</u>	<u>864</u>	<u>(864)</u>	<u>2,516</u>

See accompanying independent auditors' report