

Form 5500-SF Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Short Form Annual Return/Report of Small Employee Benefit Plan This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500-SF.	OMB Nos. 1210-0110 1210-0089 <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">2012</div> This Form is Open to Public Inspection
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Part I Annual Report Identification Information			
For calendar plan year 2012 or fiscal plan year beginning <u>09/01/2012</u> and ending <u>08/31/2013</u>			
A	This return/report is for:	<input checked="" type="checkbox"/> a single-employer plan <input type="checkbox"/> a multiple-employer plan (not multiemployer) <input type="checkbox"/> a one-participant plan	
B	This return/report is:	<input type="checkbox"/> the first return/report <input type="checkbox"/> the final return/report <input type="checkbox"/> an amended return/report <input type="checkbox"/> a short plan year return/report (less than 12 months)	
C	Check box if filing under:	<input type="checkbox"/> Form 5558 <input checked="" type="checkbox"/> automatic extension <input type="checkbox"/> DFVC program <input type="checkbox"/> special extension (enter description)	

Part II Basic Plan Information —enter all requested information			
1a	Name of plan <u>HORNELL INTERNAL MEDICINE & NEPHROLOGY, P.C. PENSION PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>002</u>
		1c	Effective date of plan <u>09/01/2000</u>
2a	Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>HORNELL INTERNAL MEDICINE & NEPHROLOGY, P.C.</u> <u>343 SENECA ROAD</u> <u>HORNELL, NY 14843</u>	2b	Employer Identification Number (EIN) <u>16-1168281</u>
		2c	Sponsor's telephone number <u>607-324-3794</u>
		2d	Business code (see instructions) <u>621111</u>
3a	Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address	3b	Administrator's EIN
		3c	Administrator's telephone number
4	If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report.	4b	EIN
a	Sponsor's name	4c	PN
5a	Total number of participants at the beginning of the plan year	5a	<u>2</u>
b	Total number of participants at the end of the plan year	5b	<u>2</u>
c	Number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item)	5c	
6a	Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
b	Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

If you answered "No" to either line 6a or line 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	05/15/2014	DR. MAVIDI HARIPRASAD
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
Preparer's name (including firm name, if applicable) and address; include room or suite number (optional)			Preparer's telephone number (optional)

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	1450084	1432803
b Total plan liabilities	7b		
c Net plan assets (subtract line 7b from line 7a)	7c	1450084	1432803
8 Income, Expenses, and Transfers for this Plan Year		(a) Amount	(b) Total
a Contributions received or receivable from:			
(1) Employers	8a(1)	66000	
(2) Participants	8a(2)		
(3) Others (including rollovers)	8a(3)		
b Other income (loss)	8b	-83281	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		-17281
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d		
e Certain deemed and/or corrective distributions (see instructions)	8e		
f Administrative service providers (salaries, fees, commissions)	8f		
g Other expenses	8g		
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		0
i Net income (loss) (subtract line 8h from line 8c)	8i		-17281
j Transfers to (from) the plan (see instructions)	8j		

Part IV Plan Characteristics

9a	If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions: 1A
b	If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

Part V Compliance Questions

10 During the plan year:	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	10a	X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b	X	
c Was the plan covered by a fidelity bond?	10c	X	200000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	10d	X	
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service or other organization that provides some or all of the benefits under the plan? (See instructions.)	10e	X	
f Has the plan failed to provide any benefit when due under the plan?	10f	X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year end.)	10g	X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	10h		
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	10i		

Part VI Pension Funding Compliance

11	Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500) and line 11a below)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
11a	Enter the amount from Schedule SB line 39	11a 0
12	Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? ..	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(If "Yes," complete line 12a or lines 12b, 12c, 12d, and 12e below, as applicable.)		
a	If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. Month _____ Day _____ Year _____	
If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.		
b	Enter the minimum required contribution for this plan year	12b

c Enter the amount contributed by the employer to the plan for this plan year.....	12c	
d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	12d	
e Will the minimum funding amount reported on line 12d be met by the funding deadline?.....	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	

Part VII Plan Terminations and Transfers of Assets

13a Has a resolution to terminate the plan been adopted in any plan year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "Yes," enter the amount of any plan assets that reverted to the employer this year	13a
b Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
c If during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)	
13c(1) Name of plan(s):	13c(2) EIN(s)

Part VIII Trust Information (optional)

14a Name of trust	14b Trust's EIN

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 09/01/2012 and ending 08/31/2013

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>HORNELL INTERNAL MEDICINE & NEPHROLOGY, P.C. PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>HORNELL INTERNAL MEDICINE & NEPHROLOGY, P.C.</u>	D Employer Identification Number (EIN) <u>16-1168281</u>
E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B	F Prior year plan size: <input checked="" type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input type="checkbox"/> More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>09</u> Day <u>01</u> Year <u>2012</u>
2	Assets:
a	Market value 2a <u>1448661</u>
b	Actuarial value 2b <u>1448661</u>
3	Funding target/participant count breakdown:
a	For retired participants and beneficiaries receiving payment 3a <u>0</u>
b	For terminated vested participants 3b <u>0</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>0</u>
(2)	Vested benefits 3c(2) <u>1300425</u>
(3)	Total active 3c(3) <u>2</u>
d	Total 3d <u>2</u>
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) <input type="checkbox"/>
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>6.86 %</u>
6	Target normal cost 6 <u>6404</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>05/14/2014</u>
Signature of actuary	Date
<u>BRET G. JOHANTGEN</u>	<u>14-06040</u>
Type or print name of actuary	Most recent enrollment number
<u>HARBRIDGE CONSULTING GROUP, LLC</u>	<u>585-598-5433</u>
Firm name	Telephone number (including area code)
<u>1387 FAIRPORT ROAD</u> <u>BLDG 700 - STE 720</u> <u>FAIRPORT, NY 14450</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	35112	121824
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)	35112	121824
10	Interest on line 9 using prior year's actual return of <u>1.07</u> %	376	1304
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		31851
	b Interest on (a) using prior year's effective interest rate of <u>5.26</u> % except as otherwise provided (see instructions)		1675
	c Total available at beginning of current plan year to add to prefunding balance		33526
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	19000	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	16488	123128

Part III Funding Percentages			
14	Funding target attainment percentage	14	100.66 %
15	Adjusted funding target attainment percentage	15	111.40 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	91.20 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
02/12/2014	20000	0			
03/12/2014	15000	0			
04/02/2014	15000	0			
04/04/2014	10000	0			
04/22/2014	6000	0			
			Totals ▶	18(b)	66000
				18(c)	0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a 0
	b Contributions made to avoid restrictions adjusted to valuation date	19b 0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 59607
20	Quarterly contributions and liquidity shortfalls:	
	a Did the plan have a "funding shortfall" for the prior year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	c If line 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 60
23 Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	6404	
b Excess assets, if applicable, but not greater than line 31a	31b	6404	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	59607	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	59607	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	<input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years		
b Eligible plan year(s) for which the election in line 41a was made	<input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods

A. Consistency of Methods and Assumptions

Unless stated to the contrary, the following methods and assumptions are consistent with those used in the previous valuation performed as of September 1, 2011. The report reflects the change in the funding segment rates to be within a 90-110% corridor of the 25-year average segment rates under the Moving Ahead for Progress in the 21st Century Act.

B. Actuarial Cost Method

As mandated by law, the actuarial cost method used to calculate the costs of the Plan for retirement, termination and surviving spouse's benefits is known as the Traditional Unit Credit Actuarial Cost Method. Under this method, each active participant's accrued benefit at the valuation date is calculated based on the terms of the plan and the actuarial assumptions. Vested benefits are determined as required under the law and regulations.

The Actuarial Accrued Liability is determined from the benefit based upon service accrued to the valuation date and compensation at the valuation date. The Normal Cost is determined from the difference between the Actuarial Accrued Liability using service and salary estimated to be earned at the end of the valuation year and the Actuarial Accrued Liability using service and salary earned at the beginning of the valuation year. Unfunded liabilities are amortized over 7 years as required under the law and regulations.

C. Benefit Limitations under IRC Section 415(b)

The benefit limitation imposed by Section 415(b) of the Internal Revenue Code, relating to the maximum benefit under a defined benefit plan, has been taken into account. On this basis, the maximum annual projected benefit utilized in this valuation is \$200,000 for purposes of calculating funding costs.

D. Asset Valuation Method

Plan assets are held in a trust with Charles Schwab and Fidelity Investments and valued at market value.

E. Participants Included in the Calculations

Based on employee data received from the Employer, all employees who are eligible for participation in the plan as of the valuation date are included in the calculations. Former employees, or their beneficiaries or contingent annuitants, where applicable, are also included if the employee data indicates that they are entitled to an immediate or deferred benefit under the provisions of the plan.

No liability is held for nonvested, inactive employees who have a break-in-service, or for employees who have quit or been terminated even if a break-in-service had not occurred as of the valuation date. Future service is projected on the basis of hours worked in the Plan Year preceding the valuation date.

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods

F. Actuarial Assumptions

1. *Mortality*

Target Liability

Precommencement: none

Postcommencement: The separate annuitant and non-annuitant RP2000 Mortality Tables for Males & Females as prescribed under IRS Notice 2008-85.

ASC 960 Accounting

Precommencement: none

Postcommencement: 1994 Group Annuity Mortality Table projected to 2002, unloaded and blended 50% Male and 50% Female.

PBGC Variable Rate Premium

Not Applicable

Disabled Lives

No Disability assumed.

2. *Withdrawal from service*

Termination

None

3. *Interest rates*

Target Liability

For Minimum Funding and AFTAP calculations ("MAP-21"):

September 2012 segment rates limited to 90-110% of 25-year average segment rates, as shown below

For all other Target Liability calculations ("PPA"):

September 2012 segment rates, as shown below

	<u>MAP-21</u>	<u>PPA</u>
First 5 Years	5.54%	1.75%
Years 6-20	6.85%	4.62%
Years 21+	7.52%	5.72%

Effective Rate

MAP-21 - 6.86%

PPA - 4.66%

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods

F. Actuarial Assumptions (continued)

3. *Interest rates (continued)*

ASC 960 Accounting

5.00% used for calculating ASC 960 accounting liabilities.

PBGC Variable Rate Premium

Not Applicable

4. *Compensation*

Salaries were assumed to increase each year at the rate of 3.00% of the prior year salary. A participant's Plan compensation is limited to a maximum of \$250,000 for the current year and future Plan years for benefit accrual purposes.

5. *Retirement age*

The retirement age is 60 or the age on the valuation date if greater is assumed.

6. *Allowance for other expenses*

None

7. *Form of payment*

Participants currently receiving benefit payments are assumed to continue receiving benefits in the optional form they elected upon retirement. All other participants are assumed to elect to receive a life annuity upon retirement.

8. *Percentage married and age of spouse*

For purposes of the pre-retirement spouse's benefit, it is assumed that 80% of plan participants designated as hourly and 100% for all other participants will have an eligible surviving spouse. For hourly plan participants, males are assumed 3 years older than females. For all other participants, males and females are the same age.

9. *Changes to the assumptions*

The funding segment rates were changed to be within a 90-110% corridor of the 25-year segment rate average. The mortality assumption has been updated to comply with the requirements of the Pension Protection Act of 2006.

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods

F. Actuarial Assumptions (continued)

10. *Examples of the preceding assumptions*

Age	Funding		ASC 960	
	Annual Probabilities		Annual Probabilities	
	Per 100 Post Commencement		Per 100 Post Commencement	
	Male	Female	Male	Female
25	0.0287	0.0141	0.0468	0.0468
30	0.0388	0.0201	0.0588	0.0588
35	0.0675	0.0352	0.0675	0.0675
40	0.0869	0.0469	0.0879	0.0879
45	0.1664	0.0732	0.1224	0.1224
50	0.3786	0.1692	0.1869	0.1869
55	0.4101	0.3031	0.3197	0.3197
60	0.6033	0.5637	0.6062	0.6062
65	1.0266	0.9422	1.1441	1.1441
70	1.6663	1.5221	1.8396	1.8396
75	2.8943	2.4128	2.9310	2.9310
80	5.3179	4.0147	5.0795	5.0795

11. *Method Change*

None.

12. *Assumptions Change*

The funding segment rates were changed to be within a 90-110% corridor of the 25-year segment rate average. The mortality and discount rate assumptions have been updated to comply with the requirements of the Pension Protection Act of 2006.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 09/01/2012 and ending 08/31/2013

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan HORNELL INTERNAL MEDICINE & NEPHROLOGY, P.C. PENSION PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF HORNELL INTERNAL MEDICINE & NEPHROLOGY, P.C.	D Employer Identification Number (EIN) 16-1168281	
E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B		
F Prior year plan size: <input checked="" type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input type="checkbox"/> More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>09</u> Day <u>01</u> Year <u>2012</u>			
2 Assets:			
a Market value	2a		1448661
b Actuarial value	2b		1448661
3 Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	0	0
b For terminated vested participants.....	3b	0	0
c For active participants:			
(1) Non-vested benefits	3c(1)		0
(2) Vested benefits	3c(2)		1300425
(3) Total active.....	3c(3)	2	1300425
d Total.....	3d	2	1300425
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... <input type="checkbox"/>			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate	5		6.86%
6 Target normal cost	6		6404

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	 Signature of actuary	<u>05/14/2014</u> Date <u>1406040</u> Most recent enrollment number <u>585-598-5433</u> Telephone number (including area code)
BRET G. JOHANTGEN Type or print name of actuary HARBRIDGE CONSULTING GROUP, LLC Firm name 1387 FAIRPORT ROAD BLDG 700 - STE 720 FAIRPORT NY 14450 Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2012
v. 120126

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52%
			<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code).....			21b 0
22 Weighted average retirement age			22 60
23 Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute			

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....		31a	6404
b Excess assets, if applicable, but not greater than line 31a		31b	6404
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment.....		0	0
b Waiver amortization installment		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount		33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...		34	0
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35).....		36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....		37	59607
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	59607
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)		39	0
40 Unpaid minimum required contributions for all years		40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected		<input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years	
b Eligible plan year(s) for which the election in line 41a was made		<input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011	
42 Amount of acceleration adjustment		42	
43 Excess installment acceleration amount to be carried over to future plan years		43	

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Schedule SB, line 19 - Discounted Employer Contributions

<u>Date</u>	<u>Amount</u>	<u>Plan Year</u>	<u>Effective Interest Rate</u>	<u>Interest Adjusted Contribution</u>
02/12/2014	\$ 20,000	2012-2013	6.86%	\$ 18,166
03/12/2014	15,000	2012-2013	6.86%	13,556
04/02/2014	15,000	2012-2013	6.86%	13,504
04/04/2014	10,000	2012-2013	6.86%	8,999
04/22/2014	6,000	2012-2013	6.86%	5,382
Total	\$ 66,000			\$ 59,607

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Schedule SB, line 22 - Description of Weighted Average Retirement Age

The weighted average retirement age is equal to the normal retirement age of 60.

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PN: 002

Schedule SB, Part V - Summary of Plan Provisions

A. Effective Date

The original effective date of the Plan is September 1, 2000. The Plan was most recently amended and restated effective September 1, 2011.

B. Eligibility for Coverage

Any Eligible Employee who was employed on the effective date of the Plan entered the Plan on the effective date. Any other Eligible Employee will enter the Plan on the September 1 nearest completion of one Year of Service and attainment of age 21.

C. Normal Retirement Date

The Normal Retirement Date is the first day of the month coinciding with or next following the Participant's 60th birthday.

D. Employment after Normal Retirement Date

If employment continues after Normal Retirement Date, pension payments do not commence until the first day of the month coinciding with or next following actual retirement. The amount of pension is calculated as the greater of: (1) the Participant's retirement benefit as of the last day of the preceding Plan year plus any actuarial increase for the subsequent period or (2) the Participant's retirement benefit determined under the pension formula using Years of Service and Average Compensation to the actual date of termination.

E. Years of Service

One Year of Service is earned for each Plan year in which the Participant completes at least 1,000 hours of service with the Employer.

F. Compensation

Compensation is defined as the annual remuneration subject to withholding of United States income tax that is paid to a Participant during the Plan year. Compensation in any year for purposes of benefit accrual is limited by Section 401(a)(17) of the Internal Revenue Code. The current limit is \$245,000.

G. Average Compensation

Average Compensation equals the average of the Participant's compensation during the five consecutive Plan years of Participation that produces the highest average.

Schedule SB, Part V - Summary of Plan Provisions

H. Actuarial Equivalence

In the event a participant remains in active employment beyond their Normal Retirement Date, their accrued benefit shall be actuarially increased as of the valuation date based on the following provisions:

1. *Mortality* - Preretirement: None. Postretirement: The 1994 Group Annuity Mortality Table, projected to 2002, unloaded and blended 50% Male / 50% Female.
2. *Interest Rate* - 6.00%.

I. Normal Retirement Benefit

1. *Eligibility* - Must be a Participant at Normal Retirement Date and retire on or after that date.
2. *Amount* - The annual Normal Retirement Benefit is equal to 8.00% of Average Compensation multiplied by Years of Benefit Service up to a maximum of 8 years.
3. *Payment* - Normal Retirement Benefit commences on the Participant's Normal Retirement Date and continues for the lifetime of the Participant unless an automatic surviving spouse annuity is in effect or an optional benefit is elected and in effect.

J. Benefits Payable on Other Termination of Employment

1. *Eligibility* - A Participant will be 20% vested after 2 Years of Vesting Service, increasing by 20% per year until 100% vested after 6 Years of Vesting Service.
2. *Amount* - The benefit accrued at any date other than the Normal Retirement Date is equal to the Normal Retirement Benefit calculated using the number of Years of Benefit Service to that date.
3. *Payment* - Full pension commences at Normal Retirement Date. There is no Plan provision allowing a distribution of benefits prior to attainment of Normal Retirement Age.

K. Survivor Benefits

1. *Before commencement of benefits* - Unless an election to the contrary has been made, if a married Participant dies prior to the commencement of benefit payments, the surviving spouse will receive a death benefit equal to the Actuarial Equivalent of the Participant's accrued benefit determined as of the September 1 coinciding with or next following the date of death. In the case of an unmarried Participant, there is no death benefit payable under the Plan.
2. *After commencement of benefits* - None, except through the option elected at retirement.

Schedule SB, Part V - Summary of Plan Provisions

L. Surviving Spouse Annuity

In lieu of the retirement benefit otherwise payable to a Participant who is married at the commencement of retirement benefit payments, such married Participant will, in the absence of any written optional election form, automatically receive a reduced monthly retirement benefit under a qualified joint and 50% survivor option to provide for the continuation of 50% of such reduced retirement benefit to the eligible surviving spouse. Such qualified joint and 50% survivor annuity shall commence on the first day of the month following the date of death of the Participant and shall continue during the lifetime of such eligible surviving spouse.

M. Optional Forms of Pension

The optional payment methods described below are the actuarial equivalent of the normal form otherwise payable as of the Participant's retirement date. The Plan's actuarial equivalence is based on the prevailing Commissioner's standard table and the 30-year Treasury rate for the June prior to the first day of the Plan year.

1. *Life Annuity* - Participant receives a pension commencing at actual retirement and continuing for his lifetime. Upon the Participant's death, all payments cease.
2. *Joint and survivor* - Participant receives a reduced pension commencing at actual retirement. Survivor receives 50% or 75% of the Participant's reduced pension for life commencing at the Participant's death.
3. *Lump sum* - Participant receives his benefit in one lump sum payment.