

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2014</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information				
1a Name of plan <u>USMD HOLDINGS, INC. 401(K) PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>06/01/2004</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>06/01/2004</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>06/01/2004</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>USMD HOLDINGS, INC.</u> <u>6333 N. STATE HIGHWAY 161</u> <u>SUITE 200</u> <u>IRVING, TX 75038</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>27-2866866</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>214-493-4058</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>622000</u></td> </tr> <tr> <td style="height: 40px;"></td> </tr> </table>	2b Employer Identification Number (EIN) <u>27-2866866</u>	2c Plan Sponsor's telephone number <u>214-493-4058</u>	2d Business code (see instructions) <u>622000</u>	
2b Employer Identification Number (EIN) <u>27-2866866</u>					
2c Plan Sponsor's telephone number <u>214-493-4058</u>					
2d Business code (see instructions) <u>622000</u>					

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 accompanying schedules, statements and attachments, 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.	<u>11/04/2015</u>	<u>MICHELLE SPECK</u>
	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
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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: a Sponsor's name USMD INC.	4b EIN 20-8050318 4c PN 001
5 Total number of participants at the beginning of the plan year	5 1458
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 594
a(2) Total number of active participants at the end of the plan year	6a(2) 1562
b Retired or separated participants receiving benefits	6b 1
c Other retired or separated participants entitled to future benefits.....	6c 336
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 1899
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 0
f Total. Add lines 6d and 6e	6f 1899
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 1899
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 183
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2S 2T 3D 3H	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div><div><div>SCHEDULE A</div><div>(Form 5500)</div><div>Department of the Treasury Internal Revenue Service</div></div><div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div></div>	<div>Insurance Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> <div>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
<div>A Name of plan</div> <div>USMD HOLDINGS, INC. 401(K) PLAN</div>	<div>B Three-digit plan number (PN)</div> <div>▶</div> <div>001</div>	
<div>C Plan sponsor's name as shown on line 2a of Form 5500</div> <div>USMD HOLDINGS, INC.</div>	<div>D Employer Identification Number (EIN)</div> <div>27-2866866</div>	

Part I	<div>Information Concerning Insurance Contract Coverage, Fees, and Commissions</div> <div>Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.</div>
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1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	074129	1899	01/01/2014	12/31/2014

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.
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(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end **4** 15762980**5** Current value of plan's interest under this contract in separate accounts at year end **5** 2130775**6** Contracts With Allocated Funds:**a** State the basis of premium rates ▶**b** Premiums paid to carrier **6b****c** Premiums due but unpaid at the end of the year **6c****d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. **6d**

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity(3) ☐ other (specify) ▶**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ GUARANTEED GENERAL ACCOUNT CONTRACT**b** Balance at the end of the previous year **7b** 0**c** Additions: (1) Contributions deposited during the year **7c(1)** 1769617(2) Dividends and credits **7c(2)**(3) Interest credited during the year **7c(3)** 251313(4) Transferred from separate account **7c(4)**(5) Other (specify below) **7c(5)** 17830650

▶ LOAN REPAYMENTS TRANSFER, MISC AND FORFEITURE IN PLAN ROLLOVER

(6) Total additions **7c(6)** 19851580**d** Total of balance and additions (add lines **7b** and **7c(6)**). **7d** 19851580**e** Deductions:(1) Disbursed from fund to pay benefits or purchase annuities during year **7e(1)** 2485304(2) Administration charge made by carrier **7e(2)** 1095(3) Transferred to separate account **7e(3)** 28485(4) Other (specify below) **7e(4)** 1573716

▶ NEW LOANS TRANSFER, MISC AND FORFEITURE OUT

(5) Total deductions **7e(5)** 4088600**f** Balance at the end of the current year (subtract line **7e(5)** from line **7d**) **7f** 15762980

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>USMD HOLDINGS, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>USMD HOLDINGS, INC.</u>	D Employer Identification Number (EIN) <u>27-2866866</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 15 37 50 64	NONE	83256	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

LOCKTON FINANCIAL ADVISORS, LLC

20-8874282

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	NONE	33333	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

THE PRUDENTIAL INSURANCE COMPANY OF

22-1211670

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
61 72	NONE	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND	15 64	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL RETIREMENT INSURANCE AND 06-1050034	20.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2014 TO 12/31/2014 GUARANTEED INCOME FUND

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	15 60 64	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL INVESTMENTS, LLC 22-3468527	22.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2014 TO 12/31/2014 PRU GLBAL REAL EST Z

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name: GRANT THORNTON LLP	b EIN: 36-6055558
c Position: ACCOUNTANT	
d Address: 1717 MAIN ST, SUITE 1500 DALLAS, TX 75201-4667	e Telephone: 214-561-2267

Explanation: RESIGNED DUTIES

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

<p style="text-align: center;">SCHEDULE D (Form 5500)</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p>	<p style="text-align: center;">DFE/Participating Plan Information</p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center; font-weight: bold;">▶ File as an attachment to Form 5500.</p>	<p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large;">2014</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p>
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

<p>A Name of plan USMD HOLDINGS, INC. 401(K) PLAN</p>	<p>B Three-digit plan number (PN) ▶</p>	001
<p>C Plan or DFE sponsor's name as shown on line 2a of Form 5500 USMD HOLDINGS, INC.</p>	<p>D Employer Identification Number (EIN) 27-2866866</p>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE IFX TARG BAL

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-697	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2130775
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>USMD HOLDINGS, INC. 401(K) PLAN</u>		B Three-digit plan number (PN) ► <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>USMD HOLDINGS, INC.</u>		D Employer Identification Number (EIN) <u>27-2866866</u>

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a	17372441	52
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions.....	1b(1)	36508	0
	(2) Participant contributions.....	1b(2)	73240	0
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common.....	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property).....	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans.....	1c(8)	921414	1665167
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)		2130775
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities.....	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	0	81279128
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0	15762980
	(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	18403603	100838102

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	18403603	100838102
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	3951068	
(B) Participants	2a(1)(B)	7347469	
(C) Others (including rollovers)	2a(1)(C)	263911	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		11562448
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	249	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	74432	
(F) Other	2b(1)(F)	251313	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		325994
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1322830	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1322830
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		82602
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		4195062
c Other income.....	2c		58206
d Total income. Add all income amounts in column (b) and enter total.....	2d		17547142

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	10547714	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		10547714
f Corrective distributions (see instructions).....	2f		8733
g Certain deemed distributions of participant loans (see instructions).....	2g		72067
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	177270	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		177270
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		10805784

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		6741358
l Transfers of assets:			
(1) To this plan.....	2l(1)		75693141
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **WEAVER AND TIDWELL LLP**

(2) EIN: **75-0786316**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
4d			
e Was this plan covered by a fidelity bond?	X		500000
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

5b 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.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
A Name of plan USMD HOLDINGS, INC. 401(K) PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 USMD HOLDINGS, INC.		D Employer Identification Number (EIN) 27-2866866
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 22-1211670		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 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 ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?..... ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2014 v. 140124		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

USMD HOLDINGS, INC. 401(K) PLAN

FINANCIAL REPORT AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Participants, Plan Administrator, and Plan Committee
USMD Holdings, Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of USMD Holdings, Inc. 401(k) Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2014, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust, F.S.B. and Prudential Retirement Insurance and Annuity Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustees hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the trustees as of December 31, 2014 and for the year then ended that the information provided to the plan administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedule

The supplemental schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2014 is required by DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Other Matter—2013 Financial Statements

The financial statements of the plan as of December 31, 2013 were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed the predecessor auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by the custodian. Their report, dated October 1, 2014, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodian, were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Weaver and Tidwell, L.L.P.
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 9, 2015

USMD HOLDINGS, INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Investments, at fair value	\$ 99,172,883	\$ 17,372,441
Receivables		
Employer's contributions	-	36,508
Participants' contributions	-	73,240
Notes receivable from participants	<u>1,665,219</u>	<u>921,414</u>
Total receivables	1,665,219	1,031,162
Total assets	<u>100,838,102</u>	<u>18,403,603</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 100,838,102</u></u>	<u><u>\$ 18,403,603</u></u>

The Notes to Financial Statements are
an integral part of these statements.

USMD HOLDINGS, INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2014

ADDITIONS

Investment income	
Net appreciation in fair value of investments	\$ 4,335,869
Interest and dividends	<u>1,574,393</u>
Net investment income	5,910,262
Contributions	
Employer	3,951,068
Participants	7,347,469
Rollovers	<u>263,911</u>
Total contributions	11,562,448
Interest income on notes receivable from participants	<u>74,432</u>
Total additions	17,547,142

DEDUCTIONS

Benefits paid to participants	10,628,514
Administrative expenses	<u>177,270</u>
Total deductions	<u>10,805,784</u>
Net increase before transfer	6,741,358
Transfer from other plans	<u>75,693,141</u>
Net increase after transfer	82,434,499

NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<u>18,403,603</u>
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NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u><u>\$ 100,838,102</u></u>
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**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN

The following description of the USMD Holdings, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions, which is available from Plan management.

General

The Plan is a defined contribution plan covering all employees, except as defined in the Plan document, of USMD Holdings, Inc. (the Company) who have at least six months of service and are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Benefits Committee is responsible for oversight of the Plan. The Retirement Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance. The Plan was restated on January 1, 2014. Impel Management Services, L.L.C. 401(k) Profit Sharing Plan, USMD Holdings, Inc. 401(k) Profit Sharing Plan, and USMD Inc. 401(k) Plan were merged into USMD Holdings, Inc. 401(k) Plan. USMD Inc. 401(k) Plan is the surviving plan and the adoption agreement was restated and effective January 1, 2014. Under the restatement the plan sponsor became USMD Holdings, Inc.

Contributions

Participants may contribute up to 100 percent of pretax annual compensation, as defined in the Plan. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also designate some of their contributions as after tax contributions to a Roth 401(k) option. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Effective January 1, 2015, automatically enrolled participants have their deferral rate set at 3 percent of eligible compensation with an increase of 1 percent each year up to 10 percent and their contributions invested in a designated balanced fund until changed by the participant. A participant that is deferring exclusively on a Roth basis will not have their Elective Deferral rate increased automatically. The Company contributes 3 percent of eligible compensation to the Plan. The safe harbor Company contribution is invested based on the participant's elected allocation. Additional discretionary matching amounts may be contributed at the option of the Company. During the year ended December 31, 2014 and 2013, the Company did not make a discretionary matching contribution to the Plan. Contributions are subject to certain limitations.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN – CONTINUED

Contributions – Continued

During 2013, the employer matching contribution was calculated on the first 6% of participant contributions and follows the contribution schedule noted below.

<u>Years of Service</u>	<u>Employer Contribution Percentage</u>
0-4 years	50%
5-9 years	75%
10+ years	100%

Participant Accounts

Each participant account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant compensation, account balance, as defined, or actual contribution. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. Vesting in Employer matching and profit sharing contributions occurs as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1	25%
2	50%
3	75%
4	100%

Participants are vested 100% in the qualified safe harbor contributions after 2 years of service and 0% with less than 2 years of service. Participants employed on or after normal retirement age will always be vested 100% in their qualified safe harbor contributions. A participant is 100% vested upon termination by reason of death or disability.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN – CONTINUED

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined by Plan management. Principal and interest are paid ratably through bi-weekly payroll deductions. The loans are secured by the remaining balance in the participant's accounts.

Payment of Benefits

Upon separation of service due to death, disability, retirement or termination of employment, a participant may elect to receive a distribution of the vested portion of some or all of his or her accounts in the Plan. Withdrawals from the Plan by active participants are permitted for specific instances such as financial hardship, disability or participant's attaining the age of 59 ½ .

Forfeited Accounts

At December 31, 2014, forfeited nonvested accounts totaled \$219,715. These accounts will be used to reduce future Company contributions and to pay Plan expenses. During 2014, Company contributions were reduced by \$376,806 from forfeited nonvested accounts. The forfeiture ending balance as of December 31, 2013 was \$8,725.

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Since the fair value of this contract also approximates its contract value, the statement of net assets available for benefits does not require a separate adjustment for reporting the Plan net assets on a contract value basis. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded at the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2014 and 2013. If a participant ceases to make loan repayments and Plan management deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

Plan Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Pronouncements

On July 31, 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part 1) Fully Benefit Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient (consensuses of the Emerging Issues Task Force), (FASB ASU 2015-12). The new ASU simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts, plan investment disclosures, and measurement date practical expedient. The amendments are effective for all plan years beginning after December 15, 2015. Earlier application of any or all of the three parts is permitted. This ASU should not change total net assets available for benefits; however, it may affect the presentation of the financial statements and the information contained in the disclosures. The Plan does not believe that the adoption of this guidance will have a material impact on its financial statements and will not early implement.

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN)

The investments included in the December 31, 2014 and 2013 Statements of Net Assets Available for Benefits, the investment activities included in the Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2014 and 2013, and certain information on investments and investment activities in the notes to the financial statements were prepared in part or entirely from information certified by the Trustees in accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The information certified includes total investments of \$99,172,883 and \$17,372,441 at December 31, 2014 and 2013, respectively, and related investment income of \$5,910,262 for the year ended December 31, 2014.

The following table presents the Plan's investments. Investments that represent 5% or more of the Plan's net assets in either year are separately identified.

	2014	2013
Cash Clearing Account	\$ -	\$ 17,372,441
Guaranteed Income Fund	15,762,980	-
Metropolitan West Total Return Bond Plan	9,270,001	-
Principal Diversified Real Estate Inst	5,247,337	-
JP Morgan Equity Income R6	10,529,080	-
INTECH US Core I	9,970,125	-
MFS International Diversification R4	10,374,044	-
Vanguard Selected Value Inv	6,412,078	-
Other investments less than 5%	31,607,238	-
	<u>\$ 99,172,883</u>	<u>\$ 17,372,441</u>

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN) – CONTINUED

During the year ended December 31, 2014, the Plan's investments (including gains and losses on investments bought, sold and held during the year) appreciated in value as determined by quoted market prices as follows:

Mutual funds	\$ 4,253,267
Pooled separate accounts	82,602

Interest and dividends realized on the Plan's investments for the year ended December 31, 2014 were \$1,574,393.

During 2014, the Plan held an interest in the Guaranteed Income Fund, an insurance company issued evergreen group annuity. Under the group annuity insurance contract that supports this product, participants may ordinarily direct permitted withdrawal or transfers of all or a portion of their account balances at Contract Value within reasonable timeframes. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees. The contract is effected directly between the plan sponsor (or their trustee) and the issuer. The repayment of principal and interest credited to participants is a financial obligation of the issuer. Prudential considers this contract to be benefit responsive.

The concept of a value other than contract value does not apply to the Guaranteed Income Fund even upon a discontinuance of the contract in which case contract value would be paid no later than 90 days from the date the sponsor provides notice to discontinue. This contract's operation is different than many other evergreen group annuity products in the market by virtue of the fact that a Market Value (Fair Value) Adjustment does not apply upon discontinuance. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional GIC and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount is equal to the contract value.

Interest is credited on contract balances using a single portfolio rate approach. Under this methodology, a single interest crediting rate is applied to all contributions made to the product regardless of the timing of those contributions. Interest crediting rates are reviewed on a semi-annual basis for resetting.

When establishing interest crediting rates for this product, Prudential considers many factors, including current economic and market conditions, the general interest rate environment and both the expected and actual experience of a reference portfolio within the issuer's general account. These rates are established without the use of a specific formula. The minimum crediting rate under the contract is 1.70%.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN) – CONTINUED

Generally there are not any events that could limit the ability of the plan to transact at contract value paid within 90 days or in rare circumstances, contract value paid over time. There are not any events that allow the issuer to terminate the contract and which require the plan sponsor to settle at an amount different than contract value paid either within 90 days or over time.

The average yield earned by the contract held by the Plan was approximately 1.70 percent for the year ended December 31, 2014. The average yield earned by the Plan for all contracts held by the Plan based on the actual interest rates credited to participants were approximately 1.70 percent for the year ended December 31, 2014.

NOTE 4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 inputs: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS – CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Pooled Separate Accounts: Valued at the NAV of the shares held by the Plan at year end, which is based on the fair value of the underlying investments using information reported by the investment advisor at year end.

Guaranteed investment contracts: The concept of a value other than contract value does not apply to the Guaranteed Income Fund. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional GIC and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount is equal to the contract value. In determining the reasonableness of the methodology, the Investment Committee evaluates a variety of factors including review of existing contracts, economic conditions, industry and market developments, and overall credit ratings. Certain unobservable inputs are assessed through review of contract terms (for example, duration or payout date) while others are substantiated utilizing available market data (for example, swap curve rate).

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2014:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<u>As of December 31, 2014</u>				
Assets:				
Mutual Funds				
Large cap funds	\$ 23,545,758	\$ -	\$ -	\$ 23,545,758
Mid cap funds	10,912,725	-	-	10,912,725
Small cap funds	10,559,411	-	-	10,559,411
Equity - International	14,671,098	-	-	14,671,098
Fixed income	15,750,187	-	-	15,750,187
Global real estate	592,612	-	-	592,612
Allocation/balanced	5,247,337	-	-	5,247,337
Guaranteed Investment Contract	-	-	15,762,980	15,762,980
Pooled Separate Accounts	-	2,130,775	-	2,130,775
Total Assets	<u>\$ 81,279,128</u>	<u>\$ 2,130,775</u>	<u>\$ 15,762,980</u>	<u>\$ 99,172,883</u>

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS – CONTINUED

The following table sets forth a summary of changes in the fair value of the Plan's guaranteed investment contracts for the year ended December 31, 2014.

Guaranteed investment contract:	
Balance, beginning of year	\$ -
Realized gains/(losses)	-
Unrealized gains/(losses) related to instruments still held at the reporting date	-
Interest income	251,313
Purchases	17,964,526
Sales	(2,485,304)
Settlements and other	<u>32,445</u>
Balance, end of year	<u><u>\$ 15,762,980</u></u>

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in fair value of investments in the statement of changes in net assets available for benefits.

All plan assets were held in cash as of December 31, 2013 in anticipation of the plan merger.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Guaranteed income fund (GIF)	\$15,762,980	Fair Value = Contract Value	Earnings at Guaranteed Credit Rating	Gross Guaranteed Crediting Rate must be greater than or equal to the contractual minimum crediting rate

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. RELATED-PARTY TRANSACTIONS AND PARTY IN INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds, pooled separate accounts provided through Prudential Bank & Trust, F.S.B. Prudential Bank & Trust, F.S.B. is the record keeper and trustee for the Plan except for the Guaranteed Income Fund and, therefore, these transactions qualify as party-in-interest transactions. Guaranteed investment contracts are provided through Prudential Retirement Insurance and Annuity Company, the trustee for the Guaranteed Income Fund and, therefore qualify as party-in-interest transactions.

During 2013, certain plan investments were managed by Standard Insurance Company. Therefore, these transactions qualify as party-in-interest transactions.

NOTE 6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their Employer contributions.

NOTE 7. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities that are exposed to various risks such as interest rates, market and credit risks. Market values of investments may decline for a number of reasons, including changes in prevailing market and interest rates, increases in defaults and credit rating downgrades. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that some changes could materially affect participant account balances and the assets reported in the Statements of Net Assets Available for Benefits.

NOTE 8. TAX STATUS

Effective January 1, 2014, the Plan adopted a nonstandardized prototype defined contribution profit sharing plan with Internal Revenue Code Section 401(k) Cash or Deferred Arrangement (CODA) which received a favorable opinion letter from the Internal Revenue Service dated March 31, 2008. The Plan has been amended since the date of the last amendment covered by the above mentioned determination letter. However, Plan management believes that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. TAX STATUS – CONTINUED

U.S. GAAP requires Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; and the Plan's tax years 2011 and thereafter remain subject to examination.

NOTE 9. SUBSEQUENT EVENTS

The Plan has evaluated its subsequent events through October 9, 2015, the date the financial statements were available to be issued, and determined there are no material recognized or unrecognized subsequent events except for a plan amendment effective January 1, 2015, which will include an automatic salary deferral feature of 3% of compensation and will increase by 1% of compensation each year as of January 1 thereafter until the participant has reached a maximum of pre-tax deferral rate of 10%.

SUPPLEMENTARY INFORMATION

USMD HOLDINGS, INC. 401(K) PLAN
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
PLAN # 001 / EIN: 27-2866866
DECEMBER 31, 2014

(a)	(b)	(c)	(d)	(e)
	Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
	Metropolitan West	Metropolitan West Total Return Bond Plan	**	\$ 9,270,001
	Vanguard	Vanguard Explorer Admiral	**	4,556,612
	Vanguard	Vngrd Mid Cap Growth Inv	**	4,500,647
	Principal	Principal Diversified Real Estate Inst	**	5,247,337
	JP Morgan	JP Morgan Equity Income R6	**	10,529,080
	INTECH	INTECH US Core I	**	9,970,125
	PIMCO	PIMCO Foreign Bond Fund Institutional Class	**	4,419,474
	Vanguard	Vanguard Small Cap Value Index Admiral	**	4,366,657
	American Funds	American Funds New World R6	**	4,297,054
	MFS	MFS International Diversification R4	**	10,374,044
	Vanguard	Vanguard Selected Value Inv	**	6,412,078
	TIAA-CREF	TIAA-CREF Equity Index Instl	**	3,046,553
	TIAA-CREF	TIAA-CREF High Yield Inst	**	2,060,712
	Vanguard	Vanguard Small Cap Index Admir	**	1,636,142
*	Prudential	Prudential Global Real Estate Z	**	592,612
*	Prudential	Guaranteed Income Fund	**	15,762,980
*	Prudential	Prudential Day One IncomeFlex Target Balance Fund	**	2,130,775
	Total Investments			99,172,883
		Various maturity dates and interest rates		
	Notes receivable from participants	from 3.25% to 5.25%	0	1,665,219
				<u>\$ 100,838,102</u>

* Party-in-interest.

** Cost information is not required for participant directed investments.

NOTE: On Part III of the Schedule C we have indicated that there was a termination of an Accountant or Enrolled Actuary. In addition to reporting this information on the Schedule C, the terminated accountant or enrolled actuary must be provided a copy of the explanation for the termination. They must also be advised of their opportunity to submit comments to the Department of Labor on the explanation.

For your convenience we have included a letter that contains the information that must be provided to the terminated party. This letter, or a similar message, must be signed and dated by the plan administrator, and sent to the terminated accountant or enrolled actuary.

To: Grant Thornton LLP,

I, as plan administrator, verify that the explanation that is reproduced below is the explanation concerning your termination reported on the Schedule C (Form 5500) attached to the 2014 Annual Return/Report Form 5500 for the USMD Holdings Inc. This Form 5500 is identified in line 2b by the nine-digit EIN 27-2866866, and in line 1b by the three-digit PN 001.

Explanation: Resigned Duties

You have the opportunity to comment to the Department of Labor concerning any aspect of this explanation. Comments should include the name, EIN, and PN of the plan and be submitted to:

Office of Enforcement
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, D.C. 20210.

Signature of Plan Administrator

Date

USMD HOLDINGS, INC. 401(K) PLAN

FINANCIAL REPORT AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2014

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* All other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted, because of the absence of the conditions under which they would apply.	

INDEPENDENT AUDITOR'S REPORT

To the Participants, Plan Administrator, and Plan Committee
USMD Holdings, Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of USMD Holdings, Inc. 401(k) Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2014, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust, F.S.B. and Prudential Retirement Insurance and Annuity Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustees hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the trustees as of December 31, 2014 and for the year then ended that the information provided to the plan administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedule

The supplemental schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2014 is required by DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Other Matter—2013 Financial Statements

The financial statements of the plan as of December 31, 2013 were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed the predecessor auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by the custodian. Their report, dated October 1, 2014, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodian, were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Weaver and Tidwell, L.L.P.
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 9, 2015

USMD HOLDINGS, INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Investments, at fair value	\$ 99,172,883	\$ 17,372,441
Receivables		
Employer's contributions	-	36,508
Participants' contributions	-	73,240
Notes receivable from participants	<u>1,665,219</u>	<u>921,414</u>
Total receivables	1,665,219	1,031,162
Total assets	<u>100,838,102</u>	<u>18,403,603</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 100,838,102</u></u>	<u><u>\$ 18,403,603</u></u>

The Notes to Financial Statements are
an integral part of these statements.

USMD HOLDINGS, INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2014

ADDITIONS

Investment income	
Net appreciation in fair value of investments	\$ 4,335,869
Interest and dividends	<u>1,574,393</u>
Net investment income	5,910,262
Contributions	
Employer	3,951,068
Participants	7,347,469
Rollovers	<u>263,911</u>
Total contributions	11,562,448
Interest income on notes receivable from participants	<u>74,432</u>
Total additions	17,547,142

DEDUCTIONS

Benefits paid to participants	10,628,514
Administrative expenses	<u>177,270</u>
Total deductions	<u>10,805,784</u>
Net increase before transfer	6,741,358
Transfer from other plans	<u>75,693,141</u>
Net increase after transfer	82,434,499

NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<u>18,403,603</u>
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NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u><u>\$ 100,838,102</u></u>
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**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN

The following description of the USMD Holdings, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions, which is available from Plan management.

General

The Plan is a defined contribution plan covering all employees, except as defined in the Plan document, of USMD Holdings, Inc. (the Company) who have at least six months of service and are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Benefits Committee is responsible for oversight of the Plan. The Retirement Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance. The Plan was restated on January 1, 2014. Impel Management Services, L.L.C. 401(k) Profit Sharing Plan, USMD Holdings, Inc. 401(k) Profit Sharing Plan, and USMD Inc. 401(k) Plan were merged into USMD Holdings, Inc. 401(k) Plan. USMD Inc. 401(k) Plan is the surviving plan and the adoption agreement was restated and effective January 1, 2014. Under the restatement the plan sponsor became USMD Holdings, Inc.

Contributions

Participants may contribute up to 100 percent of pretax annual compensation, as defined in the Plan. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also designate some of their contributions as after tax contributions to a Roth 401(k) option. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Effective January 1, 2015, automatically enrolled participants have their deferral rate set at 3 percent of eligible compensation with an increase of 1 percent each year up to 10 percent and their contributions invested in a designated balanced fund until changed by the participant. A participant that is deferring exclusively on a Roth basis will not have their Elective Deferral rate increased automatically. The Company contributes 3 percent of eligible compensation to the Plan. The safe harbor Company contribution is invested based on the participant's elected allocation. Additional discretionary matching amounts may be contributed at the option of the Company. During the year ended December 31, 2014 and 2013, the Company did not make a discretionary matching contribution to the Plan. Contributions are subject to certain limitations.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN – CONTINUED

Contributions – Continued

During 2013, the employer matching contribution was calculated on the first 6% of participant contributions and follows the contribution schedule noted below.

<u>Years of Service</u>	<u>Employer Contribution Percentage</u>
0-4 years	50%
5-9 years	75%
10+ years	100%

Participant Accounts

Each participant account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant compensation, account balance, as defined, or actual contribution. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. Vesting in Employer matching and profit sharing contributions occurs as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1	25%
2	50%
3	75%
4	100%

Participants are vested 100% in the qualified safe harbor contributions after 2 years of service and 0% with less than 2 years of service. Participants employed on or after normal retirement age will always be vested 100% in their qualified safe harbor contributions. A participant is 100% vested upon termination by reason of death or disability.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN – CONTINUED

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined by Plan management. Principal and interest are paid ratably through bi-weekly payroll deductions. The loans are secured by the remaining balance in the participant's accounts.

Payment of Benefits

Upon separation of service due to death, disability, retirement or termination of employment, a participant may elect to receive a distribution of the vested portion of some or all of his or her accounts in the Plan. Withdrawals from the Plan by active participants are permitted for specific instances such as financial hardship, disability or participant's attaining the age of 59 ½ .

Forfeited Accounts

At December 31, 2014, forfeited nonvested accounts totaled \$219,715. These accounts will be used to reduce future Company contributions and to pay Plan expenses. During 2014, Company contributions were reduced by \$376,806 from forfeited nonvested accounts. The forfeiture ending balance as of December 31, 2013 was \$8,725.

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Since the fair value of this contract also approximates its contract value, the statement of net assets available for benefits does not require a separate adjustment for reporting the Plan net assets on a contract value basis. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded at the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2014 and 2013. If a participant ceases to make loan repayments and Plan management deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

Plan Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Pronouncements

On July 31, 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part 1) Fully Benefit Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient (consensuses of the Emerging Issues Task Force), (FASB ASU 2015-12). The new ASU simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts, plan investment disclosures, and measurement date practical expedient. The amendments are effective for all plan years beginning after December 15, 2015. Earlier application of any or all of the three parts is permitted. This ASU should not change total net assets available for benefits; however, it may affect the presentation of the financial statements and the information contained in the disclosures. The Plan does not believe that the adoption of this guidance will have a material impact on its financial statements and will not early implement.

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN)

The investments included in the December 31, 2014 and 2013 Statements of Net Assets Available for Benefits, the investment activities included in the Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2014 and 2013, and certain information on investments and investment activities in the notes to the financial statements were prepared in part or entirely from information certified by the Trustees in accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The information certified includes total investments of \$99,172,883 and \$17,372,441 at December 31, 2014 and 2013, respectively, and related investment income of \$5,910,262 for the year ended December 31, 2014.

The following table presents the Plan's investments. Investments that represent 5% or more of the Plan's net assets in either year are separately identified.

	2014	2013
Cash Clearing Account	\$ -	\$ 17,372,441
Guaranteed Income Fund	15,762,980	-
Metropolitan West Total Return Bond Plan	9,270,001	-
Principal Diversified Real Estate Inst	5,247,337	-
JP Morgan Equity Income R6	10,529,080	-
INTECH US Core I	9,970,125	-
MFS International Diversification R4	10,374,044	-
Vanguard Selected Value Inv	6,412,078	-
Other investments less than 5%	31,607,238	-
	<u>\$ 99,172,883</u>	<u>\$ 17,372,441</u>

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN) – CONTINUED

During the year ended December 31, 2014, the Plan's investments (including gains and losses on investments bought, sold and held during the year) appreciated in value as determined by quoted market prices as follows:

Mutual funds	\$ 4,253,267
Pooled separate accounts	82,602

Interest and dividends realized on the Plan's investments for the year ended December 31, 2014 were \$1,574,393.

During 2014, the Plan held an interest in the Guaranteed Income Fund, an insurance company issued evergreen group annuity. Under the group annuity insurance contract that supports this product, participants may ordinarily direct permitted withdrawal or transfers of all or a portion of their account balances at Contract Value within reasonable timeframes. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees. The contract is effected directly between the plan sponsor (or their trustee) and the issuer. The repayment of principal and interest credited to participants is a financial obligation of the issuer. Prudential considers this contract to be benefit responsive.

The concept of a value other than contract value does not apply to the Guaranteed Income Fund even upon a discontinuance of the contract in which case contract value would be paid no later than 90 days from the date the sponsor provides notice to discontinue. This contract's operation is different than many other evergreen group annuity products in the market by virtue of the fact that a Market Value (Fair Value) Adjustment does not apply upon discontinuance. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional GIC and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount is equal to the contract value.

Interest is credited on contract balances using a single portfolio rate approach. Under this methodology, a single interest crediting rate is applied to all contributions made to the product regardless of the timing of those contributions. Interest crediting rates are reviewed on a semi-annual basis for resetting.

When establishing interest crediting rates for this product, Prudential considers many factors, including current economic and market conditions, the general interest rate environment and both the expected and actual experience of a reference portfolio within the issuer's general account. These rates are established without the use of a specific formula. The minimum crediting rate under the contract is 1.70%.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN) – CONTINUED

Generally there are not any events that could limit the ability of the plan to transact at contract value paid within 90 days or in rare circumstances, contract value paid over time. There are not any events that allow the issuer to terminate the contract and which require the plan sponsor to settle at an amount different than contract value paid either within 90 days or over time.

The average yield earned by the contract held by the Plan was approximately 1.70 percent for the year ended December 31, 2014. The average yield earned by the Plan for all contracts held by the Plan based on the actual interest rates credited to participants were approximately 1.70 percent for the year ended December 31, 2014.

NOTE 4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 inputs: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS – CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Pooled Separate Accounts: Valued at the NAV of the shares held by the Plan at year end, which is based on the fair value of the underlying investments using information reported by the investment advisor at year end.

Guaranteed investment contracts: The concept of a value other than contract value does not apply to the Guaranteed Income Fund. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional GIC and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount is equal to the contract value. In determining the reasonableness of the methodology, the Investment Committee evaluates a variety of factors including review of existing contracts, economic conditions, industry and market developments, and overall credit ratings. Certain unobservable inputs are assessed through review of contract terms (for example, duration or payout date) while others are substantiated utilizing available market data (for example, swap curve rate).

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2014:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<u>As of December 31, 2014</u>				
Assets:				
Mutual Funds				
Large cap funds	\$ 23,545,758	\$ -	\$ -	\$ 23,545,758
Mid cap funds	10,912,725	-	-	10,912,725
Small cap funds	10,559,411	-	-	10,559,411
Equity - International	14,671,098	-	-	14,671,098
Fixed income	15,750,187	-	-	15,750,187
Global real estate	592,612	-	-	592,612
Allocation/balanced	5,247,337	-	-	5,247,337
Guaranteed Investment Contract	-	-	15,762,980	15,762,980
Pooled Separate Accounts	-	2,130,775	-	2,130,775
Total Assets	<u>\$ 81,279,128</u>	<u>\$ 2,130,775</u>	<u>\$ 15,762,980</u>	<u>\$ 99,172,883</u>

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS – CONTINUED

The following table sets forth a summary of changes in the fair value of the Plan's guaranteed investment contracts for the year ended December 31, 2014.

Guaranteed investment contract:	
Balance, beginning of year	\$ -
Realized gains/(losses)	-
Unrealized gains/(losses) related to instruments still held at the reporting date	-
Interest income	251,313
Purchases	17,964,526
Sales	(2,485,304)
Settlements and other	<u>32,445</u>
Balance, end of year	<u><u>\$ 15,762,980</u></u>

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in fair value of investments in the statement of changes in net assets available for benefits.

All plan assets were held in cash as of December 31, 2013 in anticipation of the plan merger.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Guaranteed income fund (GIF)	\$15,762,980	Fair Value = Contract Value	Earnings at Guaranteed Credit Rating	Gross Guaranteed Crediting Rate must be greater than or equal to the contractual minimum crediting rate

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. RELATED-PARTY TRANSACTIONS AND PARTY IN INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds, pooled separate accounts provided through Prudential Bank & Trust, F.S.B. Prudential Bank & Trust, F.S.B. is the record keeper and trustee for the Plan except for the Guaranteed Income Fund and, therefore, these transactions qualify as party-in-interest transactions. Guaranteed investment contracts are provided through Prudential Retirement Insurance and Annuity Company, the trustee for the Guaranteed Income Fund and, therefore qualify as party-in-interest transactions.

During 2013, certain plan investments were managed by Standard Insurance Company. Therefore, these transactions qualify as party-in-interest transactions.

NOTE 6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their Employer contributions.

NOTE 7. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities that are exposed to various risks such as interest rates, market and credit risks. Market values of investments may decline for a number of reasons, including changes in prevailing market and interest rates, increases in defaults and credit rating downgrades. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that some changes could materially affect participant account balances and the assets reported in the Statements of Net Assets Available for Benefits.

NOTE 8. TAX STATUS

Effective January 1, 2014, the Plan adopted a nonstandardized prototype defined contribution profit sharing plan with Internal Revenue Code Section 401(k) Cash or Deferred Arrangement (CODA) which received a favorable opinion letter from the Internal Revenue Service dated March 31, 2008. The Plan has been amended since the date of the last amendment covered by the above mentioned determination letter. However, Plan management believes that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. TAX STATUS – CONTINUED

U.S. GAAP requires Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; and the Plan's tax years 2011 and thereafter remain subject to examination.

NOTE 9. SUBSEQUENT EVENTS

The Plan has evaluated its subsequent events through October 9, 2015, the date the financial statements were available to be issued, and determined there are no material recognized or unrecognized subsequent events except for a plan amendment effective January 1, 2015, which will include an automatic salary deferral feature of 3% of compensation and will increase by 1% of compensation each year as of January 1 thereafter until the participant has reached a maximum of pre-tax deferral rate of 10%.

SUPPLEMENTARY INFORMATION

USMD HOLDINGS, INC. 401(K) PLAN
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
PLAN # 001 / EIN: 27-2866866
DECEMBER 31, 2014

(a)	(b)	(c)	(d)	(e)
	Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
	Metropolitan West	Metropolitan West Total Return Bond Plan	**	\$ 9,270,001
	Vanguard	Vanguard Explorer Admiral	**	4,556,612
	Vanguard	Vngrd Mid Cap Growth Inv	**	4,500,647
	Principal	Principal Diversified Real Estate Inst	**	5,247,337
	JP Morgan	JP Morgan Equity Income R6	**	10,529,080
	INTECH	INTECH US Core I	**	9,970,125
	PIMCO	PIMCO Foreign Bond Fund Institutional Class	**	4,419,474
	Vanguard	Vanguard Small Cap Value Index Admiral	**	4,366,657
	American Funds	American Funds New World R6	**	4,297,054
	MFS	MFS International Diversification R4	**	10,374,044
	Vanguard	Vanguard Selected Value Inv	**	6,412,078
	TIAA-CREF	TIAA-CREF Equity Index Instl	**	3,046,553
	TIAA-CREF	TIAA-CREF High Yield Inst	**	2,060,712
	Vanguard	Vanguard Small Cap Index Admir	**	1,636,142
*	Prudential	Prudential Global Real Estate Z	**	592,612
*	Prudential	Guaranteed Income Fund	**	15,762,980
*	Prudential	Prudential Day One IncomeFlex Target Balance Fund	**	2,130,775
	Total Investments			99,172,883
		Various maturity dates and interest rates		
	Notes receivable from participants	from 3.25% to 5.25%	0	1,665,219
				<u>\$ 100,838,102</u>

* Party-in-interest.

** Cost information is not required for participant directed investments.

USMD HOLDINGS, INC. 401(K) PLAN

FINANCIAL REPORT AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Participants, Plan Administrator, and Plan Committee
USMD Holdings, Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of USMD Holdings, Inc. 401(k) Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2014, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust, F.S.B. and Prudential Retirement Insurance and Annuity Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustees hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the trustees as of December 31, 2014 and for the year then ended that the information provided to the plan administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedule

The supplemental schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2014 is required by DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Other Matter—2013 Financial Statements

The financial statements of the plan as of December 31, 2013 were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed the predecessor auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by the custodian. Their report, dated October 1, 2014, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodian, were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Weaver and Tidwell, L.L.P.
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 9, 2015

**USMD HOLDINGS, INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Investments, at fair value	\$ 99,172,883	\$ 17,372,441
Receivables		
Employer's contributions	-	36,508
Participants' contributions	-	73,240
Notes receivable from participants	<u>1,665,219</u>	<u>921,414</u>
Total receivables	1,665,219	1,031,162
Total assets	<u>100,838,102</u>	<u>18,403,603</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 100,838,102</u>	<u>\$ 18,403,603</u>

The Notes to Financial Statements are
an integral part of these statements.

USMD HOLDINGS, INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2014

ADDITIONS

Investment income	
Net appreciation in fair value of investments	\$ 4,335,869
Interest and dividends	<u>1,574,393</u>
Net investment income	5,910,262
Contributions	
Employer	3,951,068
Participants	7,347,469
Rollovers	<u>263,911</u>
Total contributions	11,562,448
Interest income on notes receivable from participants	<u>74,432</u>
Total additions	17,547,142

DEDUCTIONS

Benefits paid to participants	10,628,514
Administrative expenses	<u>177,270</u>
Total deductions	<u>10,805,784</u>
Net increase before transfer	6,741,358
Transfer from other plans	<u>75,693,141</u>
Net increase after transfer	82,434,499

NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<u>18,403,603</u>
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NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u><u>\$ 100,838,102</u></u>
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**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN

The following description of the USMD Holdings, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions, which is available from Plan management.

General

The Plan is a defined contribution plan covering all employees, except as defined in the Plan document, of USMD Holdings, Inc. (the Company) who have at least six months of service and are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Benefits Committee is responsible for oversight of the Plan. The Retirement Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance. The Plan was restated on January 1, 2014. Impel Management Services, L.L.C. 401(k) Profit Sharing Plan, USMD Holdings, Inc. 401(k) Profit Sharing Plan, and USMD Inc. 401(k) Plan were merged into USMD Holdings, Inc. 401(k) Plan. USMD Inc. 401(k) Plan is the surviving plan and the adoption agreement was restated and effective January 1, 2014. Under the restatement the plan sponsor became USMD Holdings, Inc.

Contributions

Participants may contribute up to 100 percent of pretax annual compensation, as defined in the Plan. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also designate some of their contributions as after tax contributions to a Roth 401(k) option. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Effective January 1, 2015, automatically enrolled participants have their deferral rate set at 3 percent of eligible compensation with an increase of 1 percent each year up to 10 percent and their contributions invested in a designated balanced fund until changed by the participant. A participant that is deferring exclusively on a Roth basis will not have their Elective Deferral rate increased automatically. The Company contributes 3 percent of eligible compensation to the Plan. The safe harbor Company contribution is invested based on the participant's elected allocation. Additional discretionary matching amounts may be contributed at the option of the Company. During the year ended December 31, 2014 and 2013, the Company did not make a discretionary matching contribution to the Plan. Contributions are subject to certain limitations.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN – CONTINUED

Contributions – Continued

During 2013, the employer matching contribution was calculated on the first 6% of participant contributions and follows the contribution schedule noted below.

<u>Years of Service</u>	<u>Employer Contribution Percentage</u>
0-4 years	50%
5-9 years	75%
10+ years	100%

Participant Accounts

Each participant account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant compensation, account balance, as defined, or actual contribution. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. Vesting in Employer matching and profit sharing contributions occurs as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1	25%
2	50%
3	75%
4	100%

Participants are vested 100% in the qualified safe harbor contributions after 2 years of service and 0% with less than 2 years of service. Participants employed on or after normal retirement age will always be vested 100% in their qualified safe harbor contributions. A participant is 100% vested upon termination by reason of death or disability.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF THE PLAN – CONTINUED

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined by Plan management. Principal and interest are paid ratably through bi-weekly payroll deductions. The loans are secured by the remaining balance in the participant's accounts.

Payment of Benefits

Upon separation of service due to death, disability, retirement or termination of employment, a participant may elect to receive a distribution of the vested portion of some or all of his or her accounts in the Plan. Withdrawals from the Plan by active participants are permitted for specific instances such as financial hardship, disability or participant's attaining the age of 59 ½ .

Forfeited Accounts

At December 31, 2014, forfeited nonvested accounts totaled \$219,715. These accounts will be used to reduce future Company contributions and to pay Plan expenses. During 2014, Company contributions were reduced by \$376,806 from forfeited nonvested accounts. The forfeiture ending balance as of December 31, 2013 was \$8,725.

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Since the fair value of this contract also approximates its contract value, the statement of net assets available for benefits does not require a separate adjustment for reporting the Plan net assets on a contract value basis. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded at the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2014 and 2013. If a participant ceases to make loan repayments and Plan management deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

Plan Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Pronouncements

On July 31, 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part 1) Fully Benefit Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient (consensuses of the Emerging Issues Task Force), (FASB ASU 2015-12). The new ASU simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts, plan investment disclosures, and measurement date practical expedient. The amendments are effective for all plan years beginning after December 15, 2015. Earlier application of any or all of the three parts is permitted. This ASU should not change total net assets available for benefits; however, it may affect the presentation of the financial statements and the information contained in the disclosures. The Plan does not believe that the adoption of this guidance will have a material impact on its financial statements and will not early implement.

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN)

The investments included in the December 31, 2014 and 2013 Statements of Net Assets Available for Benefits, the investment activities included in the Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2014 and 2013, and certain information on investments and investment activities in the notes to the financial statements were prepared in part or entirely from information certified by the Trustees in accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The information certified includes total investments of \$99,172,883 and \$17,372,441 at December 31, 2014 and 2013, respectively, and related investment income of \$5,910,262 for the year ended December 31, 2014.

The following table presents the Plan's investments. Investments that represent 5% or more of the Plan's net assets in either year are separately identified.

	2014	2013
Cash Clearing Account	\$ -	\$ 17,372,441
Guaranteed Income Fund	15,762,980	-
Metropolitan West Total Return Bond Plan	9,270,001	-
Principal Diversified Real Estate Inst	5,247,337	-
JP Morgan Equity Income R6	10,529,080	-
INTECH US Core I	9,970,125	-
MFS International Diversification R4	10,374,044	-
Vanguard Selected Value Inv	6,412,078	-
Other investments less than 5%	31,607,238	-
	<u>\$ 99,172,883</u>	<u>\$ 17,372,441</u>

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN) – CONTINUED

During the year ended December 31, 2014, the Plan's investments (including gains and losses on investments bought, sold and held during the year) appreciated in value as determined by quoted market prices as follows:

Mutual funds	\$ 4,253,267
Pooled separate accounts	82,602

Interest and dividends realized on the Plan's investments for the year ended December 31, 2014 were \$1,574,393.

During 2014, the Plan held an interest in the Guaranteed Income Fund, an insurance company issued evergreen group annuity. Under the group annuity insurance contract that supports this product, participants may ordinarily direct permitted withdrawal or transfers of all or a portion of their account balances at Contract Value within reasonable timeframes. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees. The contract is effected directly between the plan sponsor (or their trustee) and the issuer. The repayment of principal and interest credited to participants is a financial obligation of the issuer. Prudential considers this contract to be benefit responsive.

The concept of a value other than contract value does not apply to the Guaranteed Income Fund even upon a discontinuance of the contract in which case contract value would be paid no later than 90 days from the date the sponsor provides notice to discontinue. This contract's operation is different than many other evergreen group annuity products in the market by virtue of the fact that a Market Value (Fair Value) Adjustment does not apply upon discontinuance. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional GIC and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount is equal to the contract value.

Interest is credited on contract balances using a single portfolio rate approach. Under this methodology, a single interest crediting rate is applied to all contributions made to the product regardless of the timing of those contributions. Interest crediting rates are reviewed on a semi-annual basis for resetting.

When establishing interest crediting rates for this product, Prudential considers many factors, including current economic and market conditions, the general interest rate environment and both the expected and actual experience of a reference portfolio within the issuer's general account. These rates are established without the use of a specific formula. The minimum crediting rate under the contract is 1.70%.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS (CERTIFIED BY TRUSTEE/CUSTODIAN) – CONTINUED

Generally there are not any events that could limit the ability of the plan to transact at contract value paid within 90 days or in rare circumstances, contract value paid over time. There are not any events that allow the issuer to terminate the contract and which require the plan sponsor to settle at an amount different than contract value paid either within 90 days or over time.

The average yield earned by the contract held by the Plan was approximately 1.70 percent for the year ended December 31, 2014. The average yield earned by the Plan for all contracts held by the Plan based on the actual interest rates credited to participants were approximately 1.70 percent for the year ended December 31, 2014.

NOTE 4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 inputs: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS – CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Pooled Separate Accounts: Valued at the NAV of the shares held by the Plan at year end, which is based on the fair value of the underlying investments using information reported by the investment advisor at year end.

Guaranteed investment contracts: The concept of a value other than contract value does not apply to the Guaranteed Income Fund. There are not any specific securities in the general account that back the liabilities of this annuity contract and it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. The plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. This product is not a traditional GIC and therefore there are not any known cash flows that could be discounted. As a result, the fair value amount is equal to the contract value. In determining the reasonableness of the methodology, the Investment Committee evaluates a variety of factors including review of existing contracts, economic conditions, industry and market developments, and overall credit ratings. Certain unobservable inputs are assessed through review of contract terms (for example, duration or payout date) while others are substantiated utilizing available market data (for example, swap curve rate).

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2014:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<u>As of December 31, 2014</u>				
Assets:				
Mutual Funds				
Large cap funds	\$ 23,545,758	\$ -	\$ -	\$ 23,545,758
Mid cap funds	10,912,725	-	-	10,912,725
Small cap funds	10,559,411	-	-	10,559,411
Equity - International	14,671,098	-	-	14,671,098
Fixed income	15,750,187	-	-	15,750,187
Global real estate	592,612	-	-	592,612
Allocation/balanced	5,247,337	-	-	5,247,337
Guaranteed Investment Contract	-	-	15,762,980	15,762,980
Pooled Separate Accounts	-	2,130,775	-	2,130,775
Total Assets	<u>\$ 81,279,128</u>	<u>\$ 2,130,775</u>	<u>\$ 15,762,980</u>	<u>\$ 99,172,883</u>

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS – CONTINUED

The following table sets forth a summary of changes in the fair value of the Plan's guaranteed investment contracts for the year ended December 31, 2014.

Guaranteed investment contract:	
Balance, beginning of year	\$ -
Realized gains/(losses)	-
Unrealized gains/(losses) related to instruments still held at the reporting date	-
Interest income	251,313
Purchases	17,964,526
Sales	(2,485,304)
Settlements and other	<u>32,445</u>
Balance, end of year	<u><u>\$ 15,762,980</u></u>

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in fair value of investments in the statement of changes in net assets available for benefits.

All plan assets were held in cash as of December 31, 2013 in anticipation of the plan merger.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Guaranteed income fund (GIF)	\$15,762,980	Fair Value = Contract Value	Earnings at Guaranteed Credit Rating	Gross Guaranteed Crediting Rate must be greater than or equal to the contractual minimum crediting rate

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. RELATED-PARTY TRANSACTIONS AND PARTY IN INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds, pooled separate accounts provided through Prudential Bank & Trust, F.S.B. Prudential Bank & Trust, F.S.B. is the record keeper and trustee for the Plan except for the Guaranteed Income Fund and, therefore, these transactions qualify as party-in-interest transactions. Guaranteed investment contracts are provided through Prudential Retirement Insurance and Annuity Company, the trustee for the Guaranteed Income Fund and, therefore qualify as party-in-interest transactions.

During 2013, certain plan investments were managed by Standard Insurance Company. Therefore, these transactions qualify as party-in-interest transactions.

NOTE 6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their Employer contributions.

NOTE 7. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities that are exposed to various risks such as interest rates, market and credit risks. Market values of investments may decline for a number of reasons, including changes in prevailing market and interest rates, increases in defaults and credit rating downgrades. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that some changes could materially affect participant account balances and the assets reported in the Statements of Net Assets Available for Benefits.

NOTE 8. TAX STATUS

Effective January 1, 2014, the Plan adopted a nonstandardized prototype defined contribution profit sharing plan with Internal Revenue Code Section 401(k) Cash or Deferred Arrangement (CODA) which received a favorable opinion letter from the Internal Revenue Service dated March 31, 2008. The Plan has been amended since the date of the last amendment covered by the above mentioned determination letter. However, Plan management believes that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

**USMD HOLDINGS, INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. TAX STATUS – CONTINUED

U.S. GAAP requires Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; and the Plan's tax years 2011 and thereafter remain subject to examination.

NOTE 9. SUBSEQUENT EVENTS

The Plan has evaluated its subsequent events through October 9, 2015, the date the financial statements were available to be issued, and determined there are no material recognized or unrecognized subsequent events except for a plan amendment effective January 1, 2015, which will include an automatic salary deferral feature of 3% of compensation and will increase by 1% of compensation each year as of January 1 thereafter until the participant has reached a maximum of pre-tax deferral rate of 10%.

SUPPLEMENTARY INFORMATION

USMD HOLDINGS, INC. 401(K) PLAN
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
PLAN # 001 / EIN: 27-2866866
DECEMBER 31, 2014

(a)	(b)	(c)	(d)	(e)
	Identity of Issue Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
	Metropolitan West	Metropolitan West Total Return Bond Plan	**	\$ 9,270,001
	Vanguard	Vanguard Explorer Admiral	**	4,556,612
	Vanguard	Vngrd Mid Cap Growth Inv	**	4,500,647
	Principal	Principal Diversified Real Estate Inst	**	5,247,337
	JP Morgan	JP Morgan Equity Income R6	**	10,529,080
	INTECH	INTECH US Core I	**	9,970,125
	PIMCO	PIMCO Foreign Bond Fund Institutional Class	**	4,419,474
	Vanguard	Vanguard Small Cap Value Index Admiral	**	4,366,657
	American Funds	American Funds New World R6	**	4,297,054
	MFS	MFS International Diversification R4	**	10,374,044
	Vanguard	Vanguard Selected Value Inv	**	6,412,078
	TIAA-CREF	TIAA-CREF Equity Index Instl	**	3,046,553
	TIAA-CREF	TIAA-CREF High Yield Inst	**	2,060,712
	Vanguard	Vanguard Small Cap Index Admir	**	1,636,142
*	Prudential	Prudential Global Real Estate Z	**	592,612
*	Prudential	Guaranteed Income Fund	**	15,762,980
*	Prudential	Prudential Day One IncomeFlex Target Balance Fund	**	2,130,775
	Total Investments			99,172,883
		Various maturity dates and interest rates		
	Notes receivable from participants	from 3.25% to 5.25%	0	1,665,219
				<u>\$ 100,838,102</u>

* Party-in-interest.

** Cost information is not required for participant directed investments.