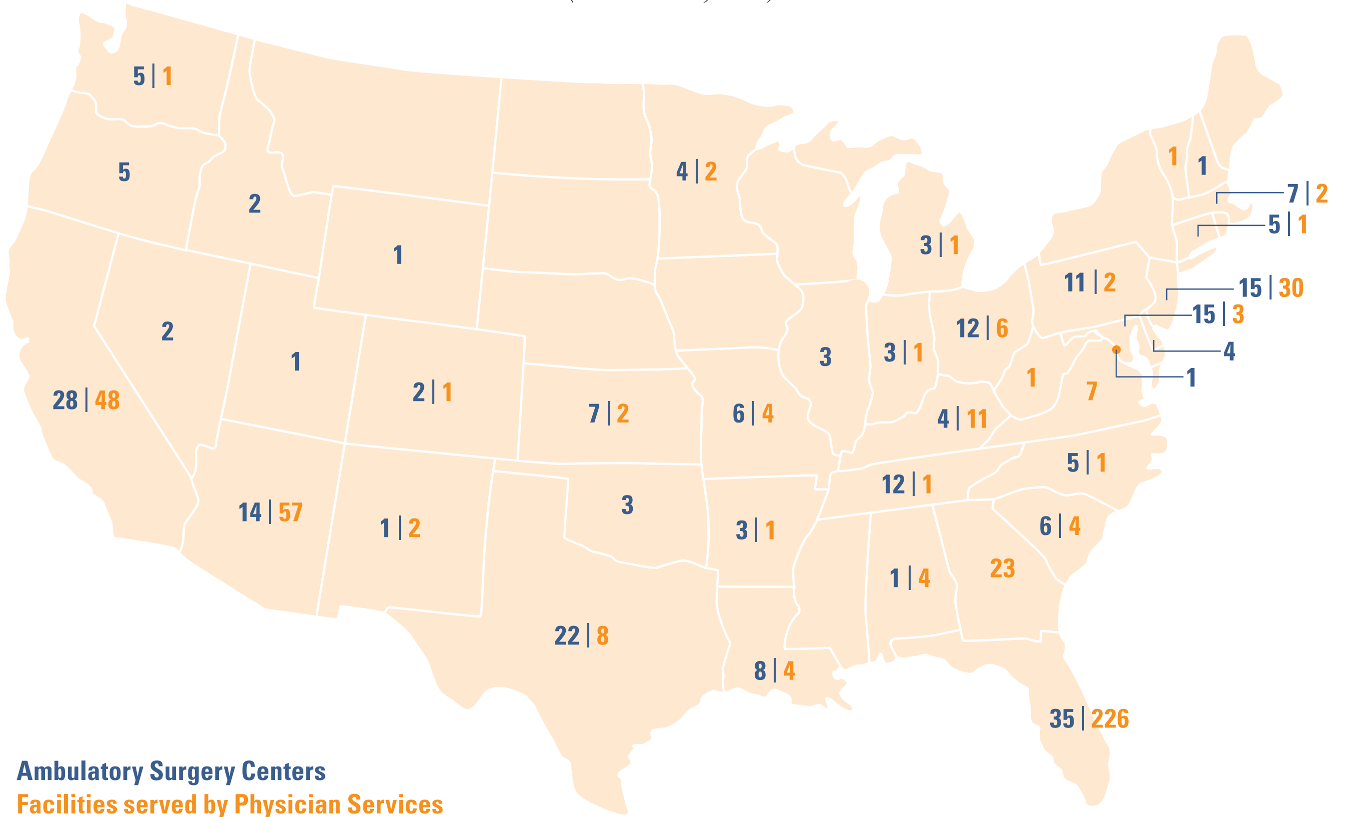
AMSURG

ANNUAL REPORT 2015

AMSURG Locations

(December 31, 2015)



About the Company

Company Profile

AmSurg's Ambulatory Services Division acquires, develops and operates ambulatory surgery centers in partnership with physicians throughout the U.S. AmSurg's Physician Services Division, Sheridan, provides outsourced physician services in multiple specialties to hospitals, ASCs and other healthcare facilities throughout the U.S., primarily in the areas of anesthesiology, radiology, children's services and emergency medicine. Through these businesses as of December 31, 2015, AmSurg owned and operated 257 ASCs and one surgical hospital in 34 states and the District of Columbia and provided physician services to more than 450 healthcare facilities in 29 states. AmSurg has partnerships with, or employs, over 5,000 physicians and other healthcare professionals in 38 states and the District of Columbia.

Financial Highlights

(In thousands, except per share data)

	For the Years Ended December 31,	
	2015	2014
Consolidated Statement of Earnings Data:		
Net revenues	**$ 2,566,884**	$ 1,621,949
Net earnings from continuing operations attributable to AmSurg Corp. common shareholders	**154,892**	50,777
Adjusted net earnings from continuing operations attributable to AmSurg Corp. shareholders	**191,330**	114,162
Net earnings per share (diluted) from continuing operations attributable to AmSurg Corp. common shareholders	**3.18**	1.28
Adjusted net earnings per share (diluted) from continuing operations attributable to AmSurg Corp. shareholders	**$ 3.71**	$ 2.75
Weighted average number of shares and share equivalents outstanding (diluted)	**51,612**	39,625
Weighted average number of shares and share equivalents outstanding (diluted, if converted)	**51,612**	41,463

See page 65 for a reconciliation of GAAP and non-GAAP measures.

Financial Position at Year End:		
Cash and cash equivalents	**$ 106,660**	$ 208,079
Working capital	**149,481**	278,140
Total assets	**6,546,482**	5,501,062
Long-term debt and other long-term liabilities	**2,501,313**	2,321,629
Non-redeemable and redeemable noncontrolling interests	**647,016**	602,783
AmSurg Corp. shareholders' equity	**2,293,463**	1,679,547

Letter to Shareholders

Fellow Shareholders:

In our letter to you last year, we discussed our transformational acquisition of Sheridan Healthcare in July 2014, which launched our Physicians Services division. We predicted then that this combination, by creating a strong, differentiated, competitive market position, would drive accelerated growth for both companies and more strongly position the combined company for long-term growth and increased shareholder value.

Based on both our operating and financial performance for 2015, we are very pleased to report that, to date, our prediction has been accurate. Our initial financial guidance for 2015 reflected strong growth rates, in part due to having a full year's operations of the combined company. We subsequently increased our guidance after each of the first three quarters of 2015, primarily due to the catalytic impact the transaction had on our performance throughout the year. Even with these positive guidance revisions, we still exceeded every element of our guidance for the full year. We believe this performance contributed to the 39% increase in the price per share of our common stock for 2015 and to the 78% increase between the announcement of the transaction in May 2014 and the end of 2015.

In addition to the successful execution demonstrated in our 2015 financial results, the reception our combined Company received from existing and potential partners during the past year validated that AmSurg is well positioned for continued growth in 2016 and beyond. Our Ambulatory Services and Physician Services divisions are each implementing proven organic growth and acquisition strategies in highly fragmented markets. We also continue to have a substantial opportunity for growth within our combined base of customers and partners.

Our growth potential has been amplified at a time when physicians, health systems and payors are facing the challenges and opportunities of the increasing shift to value-based payments. As a physician-centric organization, AmSurg is highly aligned with serving physicians' needs. Our core mission is enabling physicians to improve their business operations, adapt to the changing healthcare environment and successfully grow their practices.

With physicians becoming the gating resource in value-based healthcare, health systems and payors are also seeking physician alignment as they develop integrated care systems to meet value-based demands for improved quality and lower costs. Through the combination of our ambulatory surgery center (ASC) business and outsourced physician services, which covers multiple critical specialties, we are unique in the healthcare industry in providing existing and potential partners a nationally scaled platform for addressing a range of their strategically imperative needs.

As a physician-centric organization, AmSurg is highly aligned with serving physicians' needs. Our core mission is enabling physicians to improve their business operations, adapt to the changing healthcare environment and successfully grow their practices.

The breadth and depth of the organic growth and acquisition opportunities that have resulted from this combination exceeded our expectations significantly in 2015, and they continue to expand. As a compelling example, we entered 2015 targeting capital deployment of $200 million to execute our acquisition strategy. We completed the year having deployed $963 million, the main financial benefit of which will only begin to be evident in 2016. We are confident that our ability to execute on these opportunities, both in 2015 and going forward, will drive our ability to achieve continued long-term profitable growth and increased shareholder value.

Successful expansion in both divisions drives 35% growth in adjusted earnings per diluted share – AmSurg's net revenues increased 58% to $2.57 billion for 2015 compared with $1.62 billion for 2014. Net earnings from continuing operations attributable to AmSurg common shareholders were $154.9 million,

or $3.18 per diluted share, for 2015. Our adjusted net earnings for 2015 increased 68% to $191.3 million and increased 35% to $3.71 per diluted share. Weighted average diluted shares outstanding, including conversion of our mandatory convertible preferred stock, increased 24% for 2015 from 2014, primarily related to the equity issued to complete the Sheridan acquisition in July 2014 and the public offering of our common stock during December 2015.

The Ambulatory Services division produced an 11% increase in net revenues to $1.23 billion for 2015, and adjusted EBITDA increased 15% to $226.2 million. Our revenue growth primarily reflected the impact of new ASCs on our results, including the full-year performance of the eight ASCs acquired in 2014 and, for 2015, seven acquired ASCs and the opening of one de novo ASC.

The Ambulatory Services division also produced same-center revenue growth of 6.0% for 2015, comprised of a 2.0% increase in procedures and a 4.0% increase in net revenue per procedure. Several factors supported this growth, including an improved reimbursement rate for 2015; a change in case mix with increased acuity; higher volume, reflecting increased access and an improved economic environment; and, we believe, the impact of increasing transparency about the high quality and substantial cost advantage of procedures in stand-alone ASCs. The operating leverage generated by our same-center revenue growth drove the 60 basis-point increase in the division's adjusted EBITDA margin to 18.4% for 2015 from 17.8% for 2014.

The Ambulatory Services division ended 2015 with 257 ASCs in operation. We had five ASCs under letter of intent at year end and one de novo center under development, which is expected to open in 2016.

We entered 2015 targeting capital deployment of $200 million to execute our acquisition strategy. We completed the year having deployed $963 million, the main financial benefit of which will only begin to be evident in 2016.

The Physician Services division had a full year of operations for 2015 versus less than one-half year for 2014, which contributed to a 161% increase in net revenue to $1.34 billion for 2015 and a 148% increase in adjusted EBITDA to $266.0 million. On a comparable-year basis, the division's net revenue increased 24.4% for 2015, including increases of 7.5% in same-contract revenue, 2.0% in new contract revenue and 14.9% in acquisition revenue.

Physician Services net revenue benefited from the better than expected performance of our 2014 acquisitions and from the nine acquisition transactions we completed during 2015. The 2015 transactions included six anesthesia practices, two radiology practices and one emergency medicine practice. Of the three transactions that we completed in the fourth quarter, two substantially expanded our presence in Phoenix, a large, attractive market that represents Physician Services' entry point to the Southwest. The other fourth-quarter transaction was a large platform acquisition in Atlanta, which represents our initial anesthesia presence in the state of Georgia.

The Physician Services division's same contract revenue grew 9.9% for 2015 compared with 2014 on a comparable-year basis. This significant increase was comprised of a 4.9% increase in patient encounters and a 5.0% increase in revenue per patient encounter. Contributing to this growth were meaningful increases in patient encounters and rate per patient encounter as a result of an increasing number of consumers accessing the Florida insurance exchange, including the positive impact of many patients becoming insured instead of uninsured. We also experienced increased patient acuity; a higher volume of commercially insured patients due, in part, to an improved economic environment; the impact of negotiated rate escalators in our long-term contracts; and growth at many of our hospital partners.

Material reduction in leverage ratio improves liquidity and flexibility – During 2015, AmSurg steadily reduced its leverage ratio, which is total debt at period-end to trailing 12 months EBITDA as calculated under the Company's credit agreement. At December 31, 2015, our leverage ratio was 4.1, down 23% from 5.3 at the end of 2014, despite 2015 capital expenditures for acquisitions and maintenance of over $1 billion. This improvement was due, in part, to a 45% increase in net cash flows from operations, less distributions to noncontrolling interests, to $323.1 million for 2015. In addition, we raised net proceeds of approximately $450 million through our December public equity offering that were used to fund 2015 acquisitions, contributing to the growth in our adjusted EBITDA for 2015.

At the end of 2015, we had cash and cash equivalents of $106.7 million and availability under our revolving credit facility of $325 million. We are confident of our ability to fund our anticipated growth for 2016. With expected maintenance capital expenditures of approximately $100 million for the year, we project that our free cash flow will fund the majority of our anticipated acquisition expenditures and that our leverage ratio will decline further by the end of 2016 compared with the end of 2015.

Demonstrated growth strategies, strong market positioning, substantial long-term growth opportunities – We believe the market for our services totals approximately $70 billion annually and that it represents a tremendous long-term growth opportunity for AmSurg. We also believe that we are well positioned within our markets to execute our growth strategies and expand our market share. We are a leading operator of gastroenterology, ophthalmology and multi-specialty ASCs. We are also one of the largest providers of anesthesiology services in the U.S., as well as a leading provider of radiology services, neonatology services and emergency medicine.

Based on favorable demographic, regulatory and economic trends, we expect the markets we serve to continue growing. Yet, with the exception of neonatology, our markets are highly fragmented, providing ample opportunity for long-term growth. Consolidation pressures have increased for many years across our markets due to the growing complexities and cost of business operations, regulatory requirements, reimbursement pressure and infrastructure and information technology demands. We believe that the additional investment necessary for continuous process and efficiency improvement, infrastructure and technology to compete effectively in a value-based healthcare market will only increase consolidation pressure on providers that lack scale.

Today we bring a nationally scaled organization to our discussions with health systems that has the strength, depth, expertise and infrastructure to assist our health system partners build high quality network components and integrate with physicians across our specialties.

In response to the growth opportunities before us, we intend to focus primarily on our core ASC and physician services businesses to develop further market concentration, specialization and scale. Of primary importance, we remain committed to our physician centric culture and to continuing to evolve our capabilities to enhance physicians' ability to do their jobs. Both of our divisions have long and successful records of growing their businesses organically and through acquisition. By combining these adjacent businesses and increasing our attractiveness as a joint venture or integrated network partner for health systems, we believe we have significantly improved our ability to expand this growth for the foreseeable future.

The potential we have to partner with health systems begins with the extensive relationships we have already developed through our partnership with, or employment of, over 5,000 physicians and other healthcare professionals to operate 257 ASCs and

provide physician services to over 450 healthcare facilities in 38 states and the District of Columbia. Although we actively developed ASC joint ventures with health systems prior to adding our Physician Services business, the acquisition created our highly differentiated ability to address a range of critical issues for health systems.

Today we bring a nationally scaled organization to our discussions with health systems that has the strength, depth, expertise and infrastructure to assist our health system partners build high quality network components and integrate with physicians across our four physician service specialties. We can also assist systems in expanding their outpatient footprint and market share. Our range of solutions enable health systems to improve quality and reduce costs.

We are at an early stage of developing our market potential with health systems, but we are seeing tangible evidence of the benefits we can provide existing and potential partners through our focus on concentration, specialization and scale. A prime example is the Phoenix market, in which, before we acquired Sheridan, we had a strong market presence with 14 ASCs and had created a joint venture for two of our ASCs with the leading health system in the market. Having grown familiar with our partner's needs through our existing joint venture, we acted on an opportunity to acquire the market's leading neonatology practice within months of acquiring Sheridan. Further, in late 2015, we acquired one of the nation's largest anesthesiology practices in Phoenix and followed that transaction with the acquisition of a major Phoenix provider of emergency medicine. Having now created four key service relationships serving our partner and other health systems in Phoenix, we are actively exploring radiology services opportunities in the market.

We believe this model is replicable and scalable, both in markets in which we already have an established presence and with health systems that we currently serve. We are confident that though strong execution of these opportunities, we can play a meaningful role in improving the quality and lowering the costs of our nation's healthcare.

Summary –

In 2015, AmSurg demonstrated exactly why we called our acquisition of Sheridan transformational, and our momentum continues in 2016. We believe the foundation of our strong competitive positioning continues to be our vision and commitment to building a physician–centric organization to ensure the delivery of the highest quality care. We thank all our physician partners and physician employees for making AmSurg their choice. We also recognize and thank all of the Company's employees, who so successfully support these physicians and their patients. In closing, we also thank you, our fellow shareholder, for your investment in AmSurg.

Sincerely,

Christopher A. Holden
President and Chief Executive Office

Selected Financial Data

The following tables summarize selected financial data and should be read in conjunction with our related consolidated financial statements and notes thereto. The 2015 columns in the tables below include results of operations for Sheridan Healthcare (Sheridan) and its consolidated subsidiaries for the entire year while the 2014 columns in the tables below include only include the results of operations for Sheridan and its consolidated subsidiaries effective July 16, 2014. Certain prior year amounts below have been reclassified to reflect the impact of discontinued operations.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(In thousands, except per share and operating data)				
Consolidated Statement of Earnings Data:					
Net revenue [1]	$ 2,566,884	$ 1,621,949	$ 1,057,196	$ 899,245	$ 748,447
Operating expenses	2,002,225	1,238,034	729,912	627,268	517,903
Net gain on deconsolidations [2]	36,694	3,411	2,237	—	—
Equity in earnings of unconsolidated affiliates	16,152	7,038	3,151	1,564	613
Operating income	617,505	394,364	332,672	273,541	231,157
Interest expense, net	121,586	83,285	29,525	16,950	15,311
Debt extinguishment costs	—	16,887	—	—	—
Earnings from continuing operations before income taxes	495,919	294,192	303,147	256,591	215,846
Income tax expense	113,790	48,103	48,654	40,893	33,457
Net earnings from continuing operations	382,129	246,089	254,493	215,698	182,389
Net earnings (loss) from discontinued operations	(1,013)	(1,296)	7,051	7,945	7,725
Net earnings	381,116	244,793	261,544	223,643	190,114
Less net earnings attributable to noncontrolling interests	218,169	191,092	188,841	161,080	140,117
Net earnings attributable to AmSurg Corp. shareholders	162,947	53,701	72,703	62,563	49,997
Preferred stock dividends	(9,056)	(4,503)	—	—	—
Net earnings attributable to AmSurg Corp. common shareholders	$ 153,891	$ 49,198	$ 72,703	$ 62,563	$ 49,997
Amounts attributable to AmSurg Corp. common shareholders:					
Earnings from continuing operations, net of tax	$ 154,892	$ 50,777	$ 71,009	$ 60,037	$ 47,760
Earnings (loss) from discontinued operations, net of tax	(1,001)	(1,579)	1,694	2,526	2,237
Net earnings attributable to AmSurg Corp. common shareholders	$ 153,891	$ 49,198	$ 72,703	$ 62,563	$ 49,997
Basic earnings per share attributable to AmSurg Corp. common shareholders:					
Net earnings from continuing operations	$ 3.22	$ 1.29	$ 2.27	$ 1.95	$ 1.57
Net earnings	$ 3.20	$ 1.25	$ 2.32	$ 2.03	$ 1.64
Diluted earnings per share attributable to AmSurg Corp. common shareholders [3]:					
Net earnings from continuing operations	$ 3.18	$ 1.28	$ 2.22	$ 1.90	$ 1.53
Net earnings	$ 3.16	$ 1.24	$ 2.28	$ 1.98	$ 1.60
Weighted average number of shares and share equivalents outstanding:					
Basic	48,058	39,311	31,338	30,773	30,452
Diluted [3]	51,612	39,625	31,954	31,608	31,211

Selected Financial Data

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(In thousands, except operating data)				
Consolidated Balance Sheet and Cash Flow Data:					
Cash and cash equivalents	$ 106,660	$ 208,079	$ 50,840	$ 46,398	$ 40,718
Working capital [4]	149,481	278,140	121,155	107,768	109,561
Total assets	6,546,482	5,501,062	2,177,944	2,044,586	1,573,018
Long-term debt and other long-term liabilities	2,501,313	2,321,629	608,801	646,677	476,094
Non-redeemable and redeemable noncontrolling interests [5]	647,016	602,783	539,056	486,360	302,858
AmSurg Corp. shareholders' equity	2,293,463	1,679,547	764,197	689,488	616,245
Cash flows provided by operating activities	537,959	412,371	332,824	295,652	243,423
Cash flows used in investing activities	(1,016,825)	(2,225,135)	(98,738)	(298,943)	(254,367)
Cash flows provided by (used in) financing activities	377,447	1,970,003	(229,644)	8,971	17,515
Other Ambulatory Services Operating Data:					
Continuing centers at end of year	257	246	236	231	215
Procedures performed during year	1,729,262	1,645,350	1,609,761	1,478,888	1,321,618
Same center revenues increase (consolidated)	6.0%	0.7%	0.6%	2.5%	0.7%

(1) Comparability of revenue is impacted by the acquisition of Sheridan on July 16, 2014 and other acquisitions. See Note 4 to the "Consolidated Financial Statements" included in this annual report for the impact of acquisitions on net revenue.

(2) The net gain on deconsolidations is driven by the number of entities in which we sold or contributed a portion of our equity interests into new unconsolidated investments. See Note 5 to the "Consolidated Financial Statements" included in this annual report.

(3) See Note 15 to the "Consolidated Financial Statements" included in this annual report for a reconciliation of amounts used in diluted earnings per share.

(4) Working capital has been impacted at December 31, 2015 and 2014 by the adoption of Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2015-17 "Balance Sheet Classification of Deferred Taxes," which required all deferred tax assets and liabilities to be classified as non-current. See Note 1 to the "Consolidated Financial Statements", included in this annual report.

(5) See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies."

Forward-Looking Statements

This report contains certain forward-looking statements (all statements other than statements with respect to historical fact) within the meaning of the federal securities laws, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that all forward-looking statements involve known and unknown risks and uncertainties including, without limitation, those described in our Annual Report on Form 10-K, some of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this report will prove to be accurate. Actual results could differ materially and adversely from those contemplated by any forward-looking statement. In light of the significant risks and uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. We undertake no obligation to publicly release any revisions to any forward-looking statements in this discussion to reflect events and circumstances occurring after the date hereof or to reflect unanticipated events. Forward-looking statements and our liquidity, financial condition and results of operations may be affected by the risks set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 or by other unknown risks and uncertainties.

Executive Overview

We are one of the largest owners and operators of ASCs in the United States based upon total number of facilities, and are a leading provider of outsourced physician services. Through our ambulatory services segment, we acquire, develop and operate ambulatory surgery centers (ASCs, surgery centers, or centers) in partnership with physicians. Through our physician services segment, we provide outsourced physician services in multiple specialties to hospitals, ambulatory surgery centers and other healthcare facilities, primarily in the areas of anesthesiology, radiology, children's services and emergency medicine.

Our operations consist primarily of two major segments, ambulatory services and physician services.

Ambulatory Services Overview

We acquire, develop and operate surgery centers in partnership primarily with physicians. Our surgery centers are typically located adjacent to or in close proximity to the medical practices of our partner physicians. At December 31, 2015, we operated 257 ASCs in 34 states and the District of Columbia in partnership with approximately 2,000 physicians. We generally own a majority interest, primarily 51%, in the surgery centers we operate. We also own a minority interest in certain surgery centers in partnerships with leading health systems and physicians and intend to continue to pursue such partnerships.

Physician Services Overview

At December 31, 2015, we delivered physician services, primarily in the areas of anesthesiology, radiology, children's services and emergency medical services, to more than 450 healthcare facilities in 29 states, with a significant presence in Florida, New Jersey, Arizona and California. At December 31, 2015, we employed more than 3,800 physicians and other healthcare professionals in our physician services business. We receive reimbursement from third-party payors for fee for service medical services rendered by our affiliated healthcare professionals and employees to the patients who receive medical treatment at these facilities. In addition to this primary form of reimbursement, in certain cases, we also receive contract revenue directly from the facilities where we perform our services through a variety of payment arrangements that are established to supplement payments from third-party payors. We also provide physician services and manage office-based practices in the areas of gynecology, obstetrics and perinatology.

Operating Environment

Our ASCs and physician practices depend upon third-party reimbursement programs, including governmental and private insurance programs, to pay for substantially all of the services rendered to patients. For the year ended December 31, 2015, we derived approximately 26% and 18%, respectively, of our ambulatory services and physician services net revenue from governmental healthcare programs, primarily Medicare and managed Medicare programs, and the remainder from a wide mix of commercial payors and patient co-pays and deductibles. The Medicare program currently reimburses physician services and ASCs in accordance with predetermined fee schedules. We are not required to file cost reports for our centers or physician services and, accordingly, we have no unsettled amounts from governmental third-party payors.

ASCs are paid under the Medicare program based upon a percentage of the payments to hospital outpatient departments pursuant to the hospital outpatient prospective patient system and reimbursement rates for ASCs are increased annually based on increases in the

consumer price index (CPI). The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (together, the Health Reform Law), provide for the annual CPI increases applicable to ASCs to be reduced by a productivity adjustment, which is based on historical nationwide productivity gains. In 2013, ASC reimbursement rates increased by 0.6%, which positively impacted our 2013 ambulatory services revenues by approximately $2.5 million and our net earnings per diluted share by $0.02. In 2014, ASC reimbursement rates increased by 1.2%, which positively impacted our 2014 ambulatory services revenues by approximately $6.5 million and our net earnings per diluted share by $0.05. In 2015, ASC reimbursement rates increased by 1.9%, which positively impacted our 2015 ambulatory services revenues by approximately $9.0 million and our net earnings per diluted share by $0.10. Centers for Medicare and Medicaid Services (CMS) has announced that ASC reimbursement rates will increase by 0.3% for 2016, which we estimate will not have a significant impact our 2016 ambulatory services revenues. There can be no assurance that CMS will not revise the ASC payment system or that any annual CPI increases will be material.

Physician services are paid under the Medicare program based upon the Medicare Physician Fee Schedule (MPFS), under which CMS has assigned a national relative value unit (RVU) to most medical procedures and services that reflects the various resources required by a physician to provide the services relative to all other services. Each RVU is calculated based on a combination of work required in terms of time and intensity of effort for the service, practice expense (overhead) attributable to the service and malpractice insurance expense attributable to the service. These three elements are each modified by a geographic adjustment factor to account for local practice costs and then aggregated. Historically, the aggregated amount was multiplied by a conversion factor calculated by the sustainable growth rate (SGR) to arrive at the payment amount for each service. In April 2015, the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) repealed the SGR physician payment methodology. Instead of tying payments to the SGR, MACRA provides for a 0.5% payment update for each calendar year through 2019. In addition, MACRA requires the establishment of the Merit-Based Incentive Payment System (MIPS) beginning in 2019, under which physicians will receive performance-based payment incentives or payment reductions based on their performance with respect to clinical quality, resource use, clinical improvement activities, and meaningful use of electronic health records. MIPS will consolidate certain existing physician incentive programs, including payments to physicians for the meaningful use of electronic health records. MACRA also requires CMS beginning in 2019 to provide incentive payments for physicians and other eligible professionals that participate in alternative payment models, such as accountable care organizations.

In November 2012, CMS adopted a rule under the Health Reform Law that generally allows physicians in certain specialties who provide eligible primary care services to be paid at the Medicare reimbursement rates in effect in calendar years 2013 and 2014 instead of state-established Medicaid reimbursement rates (Medicaid-Medicare Parity). Generally, state Medicaid reimbursement rates are lower than federally established Medicare rates. Legislation was passed in certain states to extend Medicaid-Medicare Parity for calendar year 2015. Accordingly, our 2015 Medicaid program revenues were reduced by approximately $3.2 million compared to a full fiscal 2014. We do not expect further reduction in reimbursement rates in 2016 in those states which previously extended Medicaid-Medicare Parity.

The Budget Control Act of 2011 (BCA) requires automatic spending reductions of $1.2 trillion for federal fiscal years (FFY) 2013 through 2021, minus any deficit reductions enacted by Congress and debt service costs. The percentage reduction for Medicare may not be more than 2% for a FFY, with a uniform percentage reduction across all Medicare programs. These BCA-mandated spending cuts are commonly referred to as "sequestration." Sequestration began on March 1, 2013, and CMS imposed a 2% reduction on Medicare claims as of April 1, 2013. These reductions have been extended through FFY 2025. We cannot predict with certainty what other deficit reduction initiatives may be proposed by Congress, whether Congress will attempt to restructure or suspend sequestration or the impact sequestration may have on our business.

The Health Reform Law represents significant change across the healthcare industry and contains a number of provisions designed to reduce Medicare program spending. However, the Health Reform Law also expands coverage of uninsured individuals through a combination of public program expansion and private sector health insurance reforms. For example, the Health Reform Law has expanded eligibility under existing Medicaid programs in states that have not opted out of the expansion, created financial penalties on individuals who fail to carry insurance coverage, established affordability credits for those not enrolled in an employer-sponsored health plan, resulted in the establishment of, or participation in, a health insurance exchange for each state and allowed states to create federally funded, non-Medicaid plans for low-income residents not eligible for Medicaid. The Health Reform Law also required a number of private health insurance market reforms, including a ban on lifetime limits and pre-existing condition exclusions, new benefit mandates and increased dependent coverage.

Many health plans are required to cover, without cost-sharing, certain preventive services designated by the U.S. Preventive Services Task Force, including screening colonoscopies. Medicare now covers these preventive services without cost-sharing, and states that provide Medicaid coverage of these preventive services without cost-sharing receive a one percentage point increase in their federal medical assistance percentage for these services.

We believe health insurance market reforms that expand insurance coverage have resulted in an increased volume of certain procedures at our centers. Most of the provisions of the Health Reform Law that are reducing the number of uninsured individuals are in effect. Including, as of January 1, 2016, the employer mandate, which requires firms with 50 or more full-time employees to offer health insurance or pay fines. Because of the many variables involved, including the law's complexity, lack of implementing definitive regulations or interpretive guidance, gradual or partially delayed implementation, court challenges, amendments, repeal, or further implementation delays, we are unable to predict the net effect of the reductions in Medicare spending, the expected increases in revenues from increased procedure volumes, and numerous other provisions in the law that may affect us. We are further unable to foresee how individuals and employers will respond to the choices afforded them by the Health Reform Law. Thus, we cannot predict the full impact of the Health Reform Law on us at this time.

Recent Accounting Pronouncements

See Note 1 in the Notes to the Consolidated Financial Statements.

Critical Accounting Policies

Our accounting policies are described in the notes of our consolidated financial statements. We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We consider the following policies to be most critical in understanding the judgments that are involved in preparing our financial statements and the uncertainties that could impact our results of operations, financial condition and cash flows.

Principles of Consolidation

Ambulatory Services

The consolidated financial statements include our accounts, our subsidiaries' accounts, and the accounts of the consolidated limited liability companies (LLCs) and limited partnerships (LPs). Consolidation of such LLCs and LPs is necessary as our wholly-owned subsidiaries have primarily 51% or more of the financial interest, are generally the general partner or majority member with all the duties, rights and responsibilities thereof, are responsible for the day-to-day management of the LLCs and LPs, and have control of the entities. The responsibilities of our noncontrolling partners (limited partners and noncontrolling members) are to supervise the delivery of medical services, with their rights being restricted to those that protect their financial interests, such as approval of the acquisition of significant assets or the incurrence of debt which they are generally required to guarantee on a pro rata basis based upon their respective ownership interests. Intercompany profits, transactions and balances are eliminated. We also have an ownership interest of less than 51% in 23 of our LLCs and LPs, 2 of which we consolidate as we have substantive participation rights and 21 of which we do not consolidate as our rights are limited to protective rights only.

We identify and present ownership interests in subsidiaries held by noncontrolling parties in our consolidated financial statements within the equity section but separate from our equity. However, in instances in which certain redemption features that are not solely within our control are present, classification of noncontrolling interests outside of permanent equity is required. The amounts of consolidated net income attributable to us and to the noncontrolling interests are identified and presented on the face of the consolidated statements of earnings; changes in ownership interests are accounted for as equity transactions; and when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary is measured at fair value. Lastly, the cash flow impact of certain transactions with noncontrolling interests is classified within financing activities.

Upon the occurrence of various fundamental regulatory changes, we would be obligated under the terms of our partnership and operating agreements to purchase the noncontrolling interests related to a majority of our partnerships. We believe that the likelihood of a change in current law that would trigger such purchases was remote as of December 31, 2015, and the occurrence of such regulatory changes is outside of our control. As a result, these noncontrolling interests that are subject to this redemption feature are not included as part of our equity and are classified as noncontrolling interests – redeemable on our consolidated balance sheets.

Center profits and losses are allocated to our partners in proportion to their ownership percentages and reflected in the aggregate as net earnings attributable to noncontrolling interests. The partners of our center partnerships typically are organized as general partnerships, limited partnerships or limited liability companies that are not subject to federal income tax. Each partner shares in the pre-tax earnings of the center in which it is a partner. Accordingly, the earnings attributable to noncontrolling interests in each of our consolidated partnerships are generally determined on a pre-tax basis. Total net earnings attributable to noncontrolling interests are

presented after net earnings. However, we consider the impact of the net earnings attributable to noncontrolling interests on earnings before income taxes in order to determine the amount of pre-tax earnings on which we must determine our tax expense. In addition, distributions from the partnerships are made to both our wholly-owned subsidiaries and the partners on a pre-tax basis.

Physician Services

Our consolidated financial statements include the accounts of Sheridan and its wholly-owned subsidiaries along with the accounts of affiliated professional corporations (PCs) with which Sheridan currently has management arrangements. Sheridan's agreements with these PCs provide that the term of the arrangements is permanent, subject only to termination by us, except in the case of gross negligence, fraud or bankruptcy by us. The professional corporation structure is primarily used in states which prohibit the corporate practice of medicine. The arrangements are captive in nature as a majority of the outstanding voting equity instruments of the PCs are owned by nominee shareholders appointed at our sole discretion. The nominee shareholder is generally a medical doctor who is generally one of our senior corporate employees. We have a contractual right to transfer the ownership of the PCs at any time to any person we designate as the nominee shareholder. We have the right to all assets and to receive income, both as ongoing fees and as proceeds from the sale of any interest in the PCs, in an amount that fluctuates based on the performance of the PCs and the change in the fair value of the interest in the PCs. We have exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the PCs and establishes the guidelines for the employment and compensation of the physicians and other employees of the PCs which is consistent with the operation of our wholly-owned affiliates. Based on the provisions of these agreements, we have determined that the PCs are variable interest entities and that we are the primary beneficiary as defined in the Financial Accounting Standards Board's Accounting Standards Codification 810 "Consolidations."

In both our ambulatory services segment and physician services segment, the investments in unconsolidated affiliates in which we exert significant influence but do not control or otherwise consolidate are accounted for using the equity method. These investments are included as investments in unconsolidated affiliates in our consolidated balance sheets. Our share of the profits and losses from these investments are reported in equity in earnings of unconsolidated affiliates in our consolidated statement of earnings. We monitor each investment for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the company and record a reduction in carrying value when necessary.

Revenue Recognition

Ambulatory Services

Our ambulatory services revenues, net of adjustments, are derived from facility fees charged for surgical procedures performed in our centers and, at certain of our centers (primarily centers that perform gastrointestinal endoscopy procedures), charges for anesthesia services provided by medical professionals employed or contracted by our centers. These fees vary depending on the procedure, but usually include all charges for operating room usage, special equipment usage, supplies, recovery room usage, nursing staff and medications. Facility fees do not include professional fees charged by the physicians that perform the surgical procedures. Revenues are recorded at the time of the patient encounter and billings for such procedures are made on or about that same date. At the majority of our centers, it is our policy to collect patient co-payments and deductibles at the time the surgery is performed. Our revenues are recorded net of estimated contractual adjustments from third-party medical service payors. Our billing and accounting systems provide us historical trends of the centers' cash collections and contractual write-offs, accounts receivable agings and established fee adjustments from third-party payors. These estimates are recorded and monitored monthly for each of our centers as revenues are recognized. Our ability to accurately estimate contractual adjustments is dependent upon and supported by the fact that our centers perform and bill for limited types of procedures, the range of reimbursement for those procedures within each surgery center specialty is very narrow and payments are typically received within 15 to 45 days of billing. These estimates are not, however, established from billing system generated contractual adjustments based on fee schedules for the patient's insurance plan for each patient encounter.

Revenues from ambulatory services are recognized on the date of service, net of estimated contractual adjustments from third-party medical service payors including Medicare and Medicaid. During the years ended December 31, 2015, 2014 and 2013, we derived approximately 26%, 25% and 25%, respectively, of our ambulatory services revenues from governmental healthcare programs, primarily Medicare and managed Medicare programs. Concentration of credit risk with respect to other payors is limited due to the large number of such payors.

Physician Services

Physician services revenue primarily consists of fee for service revenue and contract revenue and is derived principally from the provision of physician services to patients of the healthcare facilities we serve. Contract revenue represents income earned from our hospital customers to supplement payments from third-party payors.

Fee for service revenue is billed to patients for services provided, and we receive payments for these services from patients or their third-party payors. Payments for services provided are generally less than our billed charges. We recognize fee for service revenue, net of contractual adjustments and provision for uncollectibles, at the time services are provided by healthcare providers. Services provided but not yet billed are estimated and recognized in the period services are provided. We record revenue net of an allowance for contractual adjustments, which represents the net revenue we expect to collect from third-party payors (including managed care, commercial and governmental payors such as Medicare and Medicaid) and patients insured by these payors. These expected collections are based on fees and negotiated payment rates in the case of third-party payors, the specific benefits provided for under each patient's healthcare plans, mandated payment rates in the case of Medicare and Medicaid programs, and historical cash collections (net of recoveries).

Our provision for uncollectibles includes our estimate of uncollectible balances due from uninsured patients, uncollectible co-pay and deductible balances due from insured patients and special charges, if any, for uncollectible balances due from managed care, commercial and governmental payors. We record net revenue from uninsured patients at its estimated realizable value, which includes a provision for uncollectible balances, based on historical cash collections (net of recoveries).

We also recognize revenue for services provided during the period but are not yet billed. Expected collections are estimated based on fees and negotiated payment rates in the case of third-party payors, the specific benefits provided for under each patients' healthcare plan, mandated payment rates under the Medicare and Medicaid programs, and historical cash collections.

Estimating physician services net revenue is a complex process, largely due to the volume of transactions, the number and complexity of contracts with payors, the limited availability, at times, of certain patient and payor information at the time services are provided, and the length of time it takes for collections to fully mature. In the period services are provided, we estimate gross charges based on billed services plus an estimate for unbilled services based on pending case data collected, we estimate contractual allowances based on our contracted rates and historical or actual cash collections (net of recoveries), when available, and we estimate our provision for uncollectibles based on historical cash collections (net of recoveries) from uninsured patients. The relationship between gross charges and the allowances for both contractual adjustments and provision for uncollectibles is significantly influenced by payor mix, as collections on gross charges may vary significantly depending on whether and with whom the patients we provide services to in the period are insured, and the contractual relationships with their payors. Payor mix is subject to change as additional patient and payor information is obtained after the period services are provided. We periodically assess the estimates of unbilled revenue, contractual adjustments, provision for uncollectibles and payor mix for a period of at least one year following the date of service by analyzing actual results, including cash collections, against estimates. Changes in these estimates are charged or credited to the consolidated statement of earnings in the period that the assessment is made.

We derived approximately 18% of our physician services segment net revenue from services rendered to beneficiaries of Medicare, Medicaid and other government-sponsored healthcare programs during the year ended December 31, 2015. Concentration of credit risk with respect to other payors is limited due to the large number of such payors.

Allowance for Contractual Adjustments, Provision for Uncollectibles and Bad Debt Expense

We manage accounts receivable by regularly reviewing our accounts and contracts and by providing appropriate allowances for contractual adjustments and uncollectible amounts. Some of the factors considered by management in determining the amount of such allowances are the historical trends of cash collections, contractual and bad debt write-offs, accounts receivable agings, established fee schedules, contracts with payors, changes in payor mix and procedure statistics. Assessment of actual collections of accounts receivable in subsequent periods may require changes in the estimated contractual allowance and provision for uncollectibles. We routinely test our analysis by comparing cash collections to net patient revenues and monitoring self-pay utilization. In addition, when actual collection percentages differ from expected results, for each facility or contract, supplemental detailed reviews of the outstanding accounts receivable balances may be performed by us to determine whether there are facts and circumstances existing that may cause a different conclusion as to the estimate of the collectability of that contract's accounts receivable from the estimate resulting from using the historical collection experience. We may also supplement our allowance for doubtful accounts policy for our physician services division using a hindsight calculation that utilizes write-off data for all payor classes during the previous periods to estimate the allowance for doubtful accounts at a point in time. Material changes in estimate may result from unforeseen write-offs of patient or third party accounts receivable, unsuccessful disputes with managed care payors, adverse macro-economic conditions which limit patients' ability to meet their financial obligations for the care provided by physicians, or broad changes to government regulations that adversely impact reimbursement rates for services provided by us. Significant changes in payor mix, specialty mix, acuity, business office operations, general economic conditions and health care coverage provided by federal or state governments or private insurers may have a significant impact on our estimates and significantly affect our results of operations and cash flows.

Due to the nature of our ambulatory services segment operations, we are required to separate the presentation of the bad debt expense on the consolidated statement of earnings. We record the portion of our bad debts associated with our physician services segment as a component of net revenue in our consolidated statement of earnings, and the remaining portion, which is associated with our ambulatory services segment, is recorded as a component of other operating expenses in our consolidated statement of earnings. The bifurcation is a result of our ability to assess the ultimate collection of the patient service revenue associated with our ambulatory services segment before services are provided. Our ambulatory services segment is generally able to verify a patient's insurance coverage and ability to pay before services are provided as those services are pre-scheduled and non-emergent. Our ability to accurately estimate contractual adjustments is dependent upon and supported by the fact that our surgery centers perform and bill for limited types of procedures, that the range of reimbursement for those procedures within each surgery center specialty is very narrow and that payments are typically received within 15 to 45 days of billing. In addition, our surgery centers are not required to file cost reports, and therefore, we have no risk of unsettled amounts from governmental third-party payors. Except in certain limited instances, these estimates are not, however, established from billing system-generated contractual adjustments based on fee schedules for the patient's insurance plan for each patient encounter.

While we believe that our allowances for contractual adjustments, provision for uncollectibles and bad debt expense are adequate, if the actual contractual adjustments and write-offs are in excess of our estimates, our results of operations may be overstated. During the years ended December 31, 2015, 2014 and 2013, we had no significant adjustments to our allowances for contractual adjustments, provisions for uncollectibles and bad debt expense related to prior periods. At December 31, 2015 and 2014, our allowances for doubtful accounts was $167.4 million and $113.4 million, respectively and the increase is primarily a result of operations from acquisitions completed during the year ended December 31, 2015.

Business Combinations

We record tangible and intangible assets acquired and liabilities assumed in business combinations under the acquisition method of accounting. Amounts paid for each acquisition are allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition. We then allocate the purchase price in excess of net tangible assets acquired to identifiable intangible assets based on detailed valuations that use information and assumptions provided by management. We allocate any excess purchase price over the fair value of the net tangible and intangible assets acquired and liabilities assumed to goodwill. If the fair value of the assets acquired exceeds our purchase price, the excess is recognized as a gain. Significant management judgments and assumptions are required in determining the fair value of acquired assets and liabilities, particularly acquired intangible assets. The valuation of purchased intangible assets is based upon estimates of the future performance and cash flows from the acquired business. Each asset is measured at fair value from the perspective of a market participant. If different assumptions are used, it could materially impact the purchase price allocation and adversely affect our results of operations and financial condition.

Intangible Assets

Goodwill is evaluated annually for impairment during our fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances. The first step of the two-step process involves a comparison of the estimated fair value of a reporting unit to its carrying amount, including goodwill. In performing the first step, we determine the fair value of a reporting unit using a discounted cash flow (DCF) analysis. The cash flows are projected based on a year-by-year assessment that considers historical results, estimated market conditions, internal projections, and relevant publicly available statistics. The cash flows projected are then used as the basis for projecting cash flows for the remaining years in our model. Determining fair value requires the exercise of significant judgment, including judgments about appropriate discount rates, perpetual growth rates and the amount and timing of expected future cash flows. The significant judgments are typically based upon Level 3 inputs, generally defined as unobservable inputs representing our own assumptions. The cash flows employed in the DCF analysis are based on our most recent budgets and business plans and, when applicable, various growth rates are assumed for years beyond the current business plan period. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective reporting units. The discount rate is mainly based on judgment of the specific risk inherent within the reporting unit. The variables within the discount rate, many of which are outside of our control, provide our best estimate of all assumptions applied within the model.

If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its carrying amount to measure the amount of impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination (i.e., the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that reporting unit, including any unrecognized intangible assets, as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid). If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the reporting unit's goodwill, an impairment loss is recognized in an amount equal to that excess.

As of December 31, 2015, the ambulatory services segment and the physician services segment each had approximately $2.0 billion of goodwill. Each segment represents a reporting unit that was evaluated during our annual impairment test as required as of October 1, 2015. Our analysis determined that it is not necessary to recognize impairment in our indefinite lived intangibles as the fair value of our reporting units are substantially in excess of their carrying value. To perform this evaluation, we obtain valuations at the reporting unit level prepared by third party valuation specialists which utilize a combination of the income, market and cost approaches to determine an estimated fair value.

In order for the estimated fair values to decrease below the carrying values for all of our reporting units, we would need to experience a significant decrease in future profitability projections coupled with a significant increase in the weighted average cost of capital, both of which we believe is unlikely to occur during the year ended December 31, 2016.

We test our finite-lived intangibles, other than goodwill, for impairment whenever events or circumstances indicate that it is more likely than not that the carrying amount may not be recoverable. Our policy is to recognize an impairment charge when the carrying amount is not recoverable and such amount exceeds fair value. To determine whether it is more likely than not that the carrying amount may not be recoverable, we assessed various factors including, but not limited to, our financial performance, any contemplated strategic changes to our lines of business, or any changes to the macroeconomic environment in which we operate. During the year ended December 31, 2015, there were no events or circumstances that indicated a potential impairment in our finite-lived intangibles.

We evaluate our indefinite lived intangibles, which consist primarily of the Sheridan trade name, for impairment at least on an annual basis. Impairment of the carrying value will also be evaluated more frequently if certain indicators are encountered. Indefinite lived intangibles are required to be tested at the reporting unit level, defined as an operating segment or one level below an operating segment (referred to as a component), with the fair value of the reporting unit being compared to its carrying amount, including indefinite lived intangibles. If the fair value of a reporting unit exceeds its carrying amount, the indefinite lived intangibles of the reporting unit are not considered to be impaired. During the year ended December 31, 2015, there were no events or circumstances that indicated a potential impairment in our indefinite lived intangibles.

Accrued Professional Liabilities

Given the nature of the services provided, we are subject to professional and general liability claims and related lawsuits in the ordinary course of business. We maintain professional insurance with third-party insurers generally on a claims-made basis, subject to self-insured retentions, exclusions and other restrictions. A substantial portion of our professional liability loss risks are being provided by a third-party insurer which is fully reinsured by our wholly-owned captive. In addition, our wholly-owned captive provides stop loss coverage for our self-insured employee health program related to our physician services division. The assets, liabilities and results of operations of our wholly-owned captive insurance company subsidiary are included in our consolidated financial statements.

The liabilities for self-insurance include estimates of the ultimate costs related to both reported claims on an individual and aggregate basis and unreported claims. We also obtain professional liability insurance on a claims-made basis from third party insurers for certain of our owned practices and employed physicians.

Our reserves for professional liability claims within the self-insured retention are based upon periodic actuarial calculations. Our reserves for losses and related expenses represent estimates involving actuarial and statistical projections, at a given point in time, of our expectation of the ultimate resolution plus administration costs of the losses that we have incurred. Our reserves are based on historical claims, demographic factors, industry trends, severity and exposure factors and other actuarial assumptions calculated by an independent actuarial firm. The independent actuarial firm performs studies of projected ultimate losses on an annual basis. We refer to these actuarial estimates as part of our process by which we determine appropriate reserves. Liabilities for claims incurred but not reported are not discounted. The estimation of professional liabilities is inherently complex and subjective, as these claims are typically resolved over an extended period of time, often as long as ten years or more. We periodically reevaluate our accruals for professional liabilities, and our actual results may vary significantly from our estimates if future claims differ from expected trends. The key assumptions used in our actuarial valuations are subject to constant adjustment as a result of changes in our actual loss history and the movement of projected emergence patterns as claims develop.

Results of Operations

Our consolidated statements of earnings include the results of both our ambulatory services segment and our physician services segment. Our consolidated revenues consist of both facility fees charged for surgical procedures performed in our ASCs and fee for service revenue, contract revenue and other revenue derived principally from the provision of physician services to patients of the healthcare facilities we serve through our physician services segment. Additionally, at certain of our centers (primarily centers that perform gastrointestinal endoscopy procedures), we charge for anesthesia services provided by medical professionals employed or contracted by our centers. As it relates to our ambulatory services segment, we generally own a controlling interest, primarily 51%, in our centers, and our consolidated statements of earnings include 100% of the results of operations of each of our consolidated entities, reduced by the noncontrolling partners' share of the net earnings or loss of the surgery centers. The noncontrolling ownership interest in each LP or LLC is generally held directly or indirectly by physicians who perform procedures at the center. We generally own 100% of the entities included in our physician services segment with the exception of our affiliated professional corporations which we consolidate as they are variable interest entities and we are the primary beneficiary. On a consolidated basis, our share of the profits and losses of non-consolidated entities is reported in equity in earnings of unconsolidated affiliates in our consolidated statements of earnings.

Our revenues are influenced by national surgery trends, hospital specific factors, and other factors affecting patient needs for medical services. National surgery trends can change based on changes in patient utilization, population growth and demographics, weather related disruptions, as well as general economic factors. Hospital-specific elements include changes in local availability of alternative sites of care to the patient, changes in surgeon utilization of the facility, construction and regulations that affect patient flow through the hospital. We believe patient utilization can be affected by changes in the portion of medical costs for which the patients themselves bear financial responsibility, by general economic conditions, and by other factors.

Our ambulatory services revenues are directly related to the number of procedures performed at our centers. Our overall growth in ASC procedure volume is impacted directly by the number of centers in operation and the procedure volume at existing centers. We increase our number of centers through acquisitions, joint venture partnerships and developments. Procedure growth at an existing center may result from additional contracts entered into with third-party payors, increased numbers of procedures performed by our physician partners, additional physicians utilizing the center and/or scheduling and operating efficiencies gained at the surgery center.

Our physician services revenues consist of fee for service revenue, contract revenue and other revenue. Fee for service revenue is primarily generated through the provision of anesthesiology, radiology, children's services and emergency medical services at the facilities we serve. Contract revenue reflects payments received or receivable directly from certain of the facilities where we provide medical services to supplement payments from third-party payors. We also earn other revenue for certain ancillary services performed.

Expenses associated with our ambulatory services segment relate directly and indirectly to procedures performed and include: clinical and administrative salaries and benefits, supply cost and other operating expenses such as linen cost, repair and maintenance of equipment, billing fees and bad debt expense. The majority of our salary and benefits cost is associated directly with the number of centers we own and manage and tends to grow in proportion to the growth in our number of centers in operation. We also incur operating expenses resulting from our corporate oversight which includes salaries and benefits of our operators and administrative support infrastructure. Our centers also incur costs that are more fixed in nature, such as lease expense, legal fees, property taxes, utilities and depreciation and amortization.

Salaries and benefits expense is a significant component of the total expenses associated with our physician services segment and includes compensation and benefits for our employed physicians and other professional providers as well as the salaries and benefits of our administrative support staff. Other operating expenses of our physician services segment includes professional liability costs, costs of business development and marketing, information technology, dues and licenses, occupancy costs and other administrative functions that are indirectly related to the operations of our physician group practices. Our professional liability costs include provisions for paid and estimated losses for actual claims and estimates of claims likely to be incurred in the period, based on our past loss experience and actuarial analysis provided by a third party, as well as actual direct costs, including investigation and defense costs, and other costs related to provider professional liability. We plan to continue to expand our investment in administrative support initiatives as a result of our planned future growth from new contracts and acquisitions.

Our depreciation expense primarily relates to charges for equipment and leasehold improvements. Amortization expense primarily relates to intangible assets recorded for customer relationships, computer software, and other technologies arising from acquisitions that we have made.

Our interest expense results primarily from our borrowings used to fund acquisition and development activity, as well as interest incurred on capital leases and the amortization of deferred financing costs.

The effective tax rate on pre-tax earnings as presented is approximately 23% for the year ended December 31, 2015. However, after removing the earnings attributable to non-controlling interest, our adjusted effective tax rate generally increases to approximately 40%. We file a consolidated federal income tax return and numerous state income tax returns with varying tax rates which reflects the blending of these rates.

Profits and losses are allocated to our noncontrolling partners, all of which relate to our ambulatory services segment, in proportion to their individual ownership percentages and reflected in the aggregate as total net earnings attributable to noncontrolling interests. The noncontrolling partners are typically organized as general partnerships, LPs or LLCs that are not subject to federal income tax. Each noncontrolling partner shares in the pre-tax earnings or loss of the entity of which it is a partner. Accordingly, net earnings attributable to the noncontrolling interests in each of our LPs and LLCs are generally determined on a pre-tax basis, and pre-tax earnings are presented before net earnings attributable to noncontrolling interests have been subtracted.

Consolidated Operations

The following table shows certain statement of earnings items expressed as a percentage of revenues for the years ended December 31, 2015, 2014 and 2013. The operating results of Sheridan are included in our operating results effective July 16, 2014.

	2015	2014	2013
Net revenue	100.0 %	100.0 %	100.0%
Operating expenses:			
Salaries and benefits	51.2	42.8	31.0
Supply cost	7.2	10.1	14.5
Other operating expenses	15.5	17.6	20.5
Transaction costs	0.3	2.1	—
Depreciation and amortization	3.8	3.7	3.1
Total operating expenses	78.0	76.3	69.0
Net gain on deconsolidations	1.4	0.2	0.2
Equity in earnings of unconsolidated affiliates	0.6	0.4	0.3
Operating income	24.1	24.3	31.5
Interest expense	4.7	5.1	2.8
Debt extinguishment costs	—	1.0	—
Earnings from continuing operations before income taxes	19.3	18.1	28.7
Income tax expense	4.4	3.0	4.6
Net earnings from continuing operations	14.9	15.2	24.1
Net earnings (loss) from discontinued operations	—	(0.1)	0.7
Net earnings	14.8	15.1	24.7
Net earnings attributable to noncontrolling interests	8.5	11.8	17.9
Net earnings attributable to AmSurg Corp. shareholders	6.3 %	3.3 %	6.9%

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

We experienced significant changes in our consolidated operations primarily due to the following factors:

- our operating results for the year ended December 31, 2015 include the operating results of Sheridan for a full fiscal year. Our prior year results only include Sheridan from July 16 through December 31, 2014;
- we incurred additional interest expense associated with the debt financing consummated in July of 2014 to complete the acquisition of Sheridan;
- we completed acquisitions in both our ambulatory services and physician services segments; and
- we experienced a positive increase in our same center and same contract organic growth during the current year.

Net revenue increased $944.9 million, or 58.3%, to $2.6 billion in 2015 from $1.6 billion in 2014. Our consolidated net revenue was impacted during 2015 primarily due to the following:

- an increase of $824.8 million associated with the acquisition of Sheridan and subsequent acquisitions in our physician services segment; and
- an increase of $120.1 million associated with our ambulatory services segment.

Operating income increased $223.1 million, or 56.6%, to $617.5 million during the year ended December 31, 2015, from $394.4 million in 2014. Our operating income was impacted during the year ended December 31, 2015 primarily due to the following:

- an increase of $100.1 million associated with the acquisition of Sheridan and subsequent acquisitions in our physician services segment; and
- an increase of $123.1 million associated with results from our ambulatory services segment which includes a $39.8 million increase in the net gain on deconsolidations.

Net interest expense increased to $121.6 million in the year ended December 31, 2015 from $83.3 million in 2014, primarily due to having the full year impact of the increased indebtedness which resulted due to the financings consummated during 2014 to complete the acquisition of Sheridan. In addition, during 2014 we recorded $12.8 million in interest expense in the accompanying statements of earnings related to fees paid to obtain a commitment for bridge financing in order to effect the Sheridan transaction. During 2014, we were able to obtain permanent financing and therefore expensed the commitment fee. See "- Liquidity and Capital Resources." for additional information.

On July 3, 2014, we redeemed our senior secured notes due 2020 (the Senior Secured Notes) and terminated our obligation under our revolving credit facility utilizing proceeds received from our common and preferred stock offerings. As a result, we recognized debt extinguishment costs of $16.9 million, which included an early termination fee of approximately $12.4 million to the holders of the Senior Secured Notes and the write-off of net deferred loan costs of approximately $4.5 million primarily related to the existing revolving credit facility.

We recognized income tax expense of $113.8 million for the year ended December 31, 2015, compared to $48.1 million in the year ended December 31, 2014. Our increase in tax expense for the year ended December 31, 2015 is due to having a full twelve months of operating activity from our physician services segment as compared to approximately six months in the prior year and due to the reduction in transaction cost in the current year, which were higher in the prior year due the acquisition of Sheridan. Our effective tax rate during the year ended December 31, 2015 was approximately 23% of earnings from continuing operations. This differs from the federal statutory income tax rate of 35% primarily due to the exclusion of the noncontrolling interests' share of pre-tax earnings and the impact of state income taxes. However, after removing the earnings attributable to non-controlling interest, our adjusted effective tax rate generally increases to approximately 40%. For the year ended December 31, 2015, our adjusted effective tax rate was approximately 41%.

Noncontrolling interests in net earnings for the year ended December 31, 2015 increased $27.1 million from the year ended December 31, 2014, primarily as a result of noncontrolling interests in earnings at surgery centers recently added to operations. Due to the inclusion of Sheridan's revenue in the years ended December 31, 2015 and 2014, noncontrolling interests in earnings as a percentage of revenues decreased to 8.5% during 2015 from 11.8% during 2014.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

We experienced significant changes in our consolidated operations primarily due to the following factors:

- operating results of Sheridan for the period from July 16, 2014 through December 31, 2014;
- transaction costs associated with the acquisition of Sheridan;
- additional interest expense and related charges associated with the new debt financing required to complete the acquisition of Sheridan; and
- acquisitions of ASCs and growth in same-center results.

Net revenue increased $564.8 million, or 53.4%, to $1.622 billion in 2014 from $1.057 billion in 2013. Our consolidated net revenue was impacted during 2014 primarily due to the following:

- an increase of $512.0 million associated with the acquisition of Sheridan on July 16, 2014; and
- an increase of $52.7 million associated with our ambulatory services segment.

Operating income increased $61.7 million, or 18.5%, to $394.4 million during the year ended December 31, 2014, from $332.7 million in 2013. Our operating income was impacted during the year ended December 31, 2014 primarily due to the following:

- an increase of $76.7 million associated with the acquisition of Sheridan on July 16, 2014; and
- a decrease of operating income due to transaction costs primarily associated with the acquisition of Sheridan of $33.9 million for the year ended December 31, 2014.

Interest expense increased to $83.3 million in the year ended December 31, 2014 from $29.5 million in 2013, primarily due to increased indebtedness as a result of the financings associated with the acquisition of Sheridan during the year ended December 31, 2014.

On July 3, 2014, we redeemed our Senior Secured Notes and terminated our obligation under our existing revolving credit facility utilizing proceeds received from our common and preferred stock offerings. As a result, we recognized debt extinguishment costs of $16.9 million, which included an early termination fee of approximately $12.4 million to the holders of the Senior Secured Notes and the write-off of net deferred loan costs of approximately $4.5 million primarily related to the existing revolving credit facility.

We recognized income tax expense of $48.1 million for the year ended December 31, 2014, compared to $48.7 million in the year ended December 31, 2013. Our reduction in tax expense for the year ended December 31, 2014 is due to the fact we recorded a loss attributable to the recognition of certain of the Sheridan transaction costs in which the tax benefit substantially offset the tax expense derived from our physician services segment. Our effective tax rate during the year ended December 31, 2014 was approximately 16% of earnings from continuing operations. However, after removing the earnings attributable to non-controlling interest, our adjusted effective tax rate generally increases to approximately 40%. For the year ended December 31, 2014, our effective tax rate was 46% which differs from our historical percentage of approximately 40% due to the non-deductibility for tax purposes of certain transaction costs as well as other deferred tax adjustments resulting from the Sheridan transaction and from the impact of gains and losses from the deconsolidation and disposals of certain of our centers which were recognized during the year.

Noncontrolling interests in net earnings for the year ended December 31, 2014 increased $2.3 million from the year ended December 31, 2013, primarily as a result of noncontrolling interests in earnings at surgery centers recently added to operations. All of the results of operations related to noncontrolling interests relate to our ownership of ambulatory services. Due to the inclusion of Sheridan's revenue in 2014, noncontrolling interests in earnings of surgery centers as a percentage of revenues decreased to 11.8% in the year ended December 31, 2014 from 17.9% in 2013.

Ambulatory Services Operations

The following table presents the number of procedures performed at our continuing centers and changes in the number of ASCs in operation, under development and under letter of intent for the years ended December 31, 2015, 2014 and 2013. An ASC is deemed to be under development when a LLC or LP has been formed with the physician partners to develop the ASC.

	2015	2014	2013
Procedures	1,729,262	1,645,350	1,609,761
Centers in operation, end of period (consolidated)	236	237	233
Centers in operation, end of period (unconsolidated)	21	9	3
Average number of continuing centers in operation, during period	238	233	230
New centers added, during period	11	10	6
Centers discontinued, during period	—	6	3
Centers under development, end of period	1	2	—
Centers under letter of intent, end of period	5	5	5
Average revenue per consolidated center (in thousands)	$ 5,174	$ 4,755	$ 4,594
Same center revenues increase (consolidated)	6.0%	0.7%	0.6%
Surgical hospitals in operation at end of period (unconsolidated)	1	—	—

Of the continuing centers in operation at December 31, 2015, 151 centers performed gastrointestinal endoscopy procedures, 58 centers performed procedures in multiple specialties, 39 centers performed ophthalmology procedures and 9 centers performed orthopaedic procedures. In addition, during the year ended December 31, 2015, we acquired a non-controlling interest in a surgical hospital. The results of operations of the surgical hospital are included in our consolidated statement of earnings as a component of equity in earnings of unconsolidated affiliates.

A significant measurement of how much our ambulatory services revenues grow from year to year for existing centers is the change in our same-center revenue. We define our same-center group each year as those centers that contain full year-to-date operations in both comparable reporting periods, including the expansion of the number of operating centers associated with a LLC or LP. Ambulatory services revenues at our 2015 same-center group, comprising 221 centers and constituting approximately 94% of our total number of consolidated centers, increased by 6.0% during the year ended December 31, 2015 compared to 2014.

The following table presents selected statement of earnings data expressed in dollars (in thousands) and as a percentage of net revenue for our ambulatory services segment.

	December 31,					
	2015		2014		2013	
Net revenue	$ 1,230,050	100.0%	$ 1,109,935	100.0%	$ 1,057,196	100.0%
Operating expenses:						
Salaries and benefits	372,149	30.3	341,906	30.8	327,585	31.0
Supply cost	181,783	14.8	163,004	14.7	153,126	14.5
Other operating expenses	247,525	20.1	230,307	20.7	216,501	20.5
Transaction costs	1,762	0.1	29,004	2.6	300	—
Depreciation and amortization	35,835	2.9	34,667	3.1	32,400	3.1
Total operating expenses	839,054	68.2	798,888	72.0	729,912	69.0
Net gain on deconsolidations	43,251	3.5	3,411	0.3	2,237	0.2
Equity in earnings of unconsolidated affiliates	6,466	0.5	3,199	0.3	3,151	0.3
Operating income	$ 440,713	35.8%	$ 317,657	28.6%	$ 332,672	31.5%

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

The number of procedures performed in our ASCs increased by 83,912, or 5.1%, to 1,729,262 in 2015 from 1,645,350 in 2014. Ambulatory services revenues increased $120.1 million, or 10.8%, to $1.2 billion, in the year ended December 31, 2015 from $1.1 billion in 2014. Our ambulatory services revenues were impacted during the year ended December 31, 2015 primarily due to the following:

- centers acquired in 2014, which contributed $37.7 million of additional revenues in the year ended December 31, 2015 due to having a full period of operations in 2015;
- centers acquired or opened in 2015, which generated $45.3 million in revenues during the year ended December 31, 2015;
- revenue growth of $60.4 million for the year ended December 31, 2015 recognized by our 2015 same-center group, reflecting a 6.0% increase in our 2015 same-center group attributable to a 2.0% increase in procedures and a 4.0% increase in revenue per procedure; and
- reduced revenue recognized during the year ended December 31, 2015 of $23.7 million resulting from the deconsolidation of centers which we sold all or a portion of our ownership interest in that were previously consolidated in 2014. Our share of the results of operations from the deconsolidated centers are reflected in equity in earnings of unconsolidated affiliates in our consolidated statements of earnings.

Salaries and benefits increased by $30.2 million, or 8.8%, to $372.1 million in the year ended December 31, 2015 from $341.9 million in 2014. The increase was primarily a result of staffing at newly acquired and developed centers, as well as the additional staffing required at existing centers. Salaries and benefits declined as a percentage of revenue primarily due to the increase in our same center revenue during the year ended December 31, 2015.

Supply cost increased $18.8 million, or 11.5%, to $181.8 million in the year ended December 31, 2015 from $163.0 million in the year ended December 31, 2014. The increase was primarily due the additional supply cost of centers acquired or opened in 2015.

Other operating expenses increased $17.2 million, or 7.5%, to $247.5 million in the year ended December 31, 2015 from $230.3 million in the year ended December 31, 2014. The additional expense in 2015 resulted primarily from:

- an increase of $9.9 million in other operating expenses at our 2015 same-center group in the year ended December 31, 2015;
- centers acquired during 2014, which resulted in an increase of $7.2 million in other operating expenses in the year ended December 31, 2015;
- centers acquired or opened during 2015, which resulted in an increase of $6.9 million in other operating expenses in the year ended December 31, 2015; and
- reduced operating expense during the year ended December 31, 2015 of $4.5 million resulting from the deconsolidation of centers that were consolidated in 2014.

Depreciation and amortization expense increased $1.2 million, or 3.4%, in the year ended December 31, 2015, primarily as a result of centers acquired or opened during 2014 and 2015.

Equity in earnings of unconsolidated affiliates was $6.5 million in the year ended December 31, 2015 compared to $3.2 million in 2014. The increase during the year ended December 31, 2015, is due to the consummation of five separate equity method investments. As a result of these investment transactions, we contributed our controlling interest in nine centers in exchange for noncontrolling interests in the new investments. Each of these investments is jointly owned by a health system and us. The newly formed investments (including the contributed centers) are controlled by the health systems. Also, as part of these transactions, we obtained a non-controlling interest in three additional centers and one surgical hospital which were contributed by the health systems.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

The number of procedures performed in our ASCs increased by 35,589, or 2.2%, to 1,645,350 in 2014 from 1,609,761 in 2013. Ambulatory services revenues increased $52.7 million, or 5.0%, to $1.110 billion, in the year ended December 31, 2014 from $1.057 billion in 2013. Our ambulatory services revenues were impacted during the year ended December 31, 2014 primarily due to the following:

- centers acquired or opened in 2013, which contributed $32.7 million of additional revenues in the year ended December 31, 2014, respectively, due to having a full period of operations in 2014;
- centers acquired in 2014, which generated $23.5 million in revenues during the year ended December 31, 2014;
- centers that were deconsolidated during the year ended December 31, 2014 which generated $9.5 million in the comparative period (our share of the results of operations from the deconsolidated centers are now reflected in equity in earnings in unconsolidated affiliates in our consolidated statement of earnings); and
- revenue growth of $7.3 million for the year ended December 31, 2014 recognized by our 2014 same-center group, reflecting a 0.7% increase in our 2014 same-center group.

Salaries and benefits increased by 4.4% to $341.9 million in the year ended December 31, 2014 from $327.6 million in 2013. The increase was a result of staffing at newly acquired and developed centers, as well as the additional staffing required at existing centers.

Supply cost increased $9.9 million, or 6.5%, to $163.0 million in the year ended December 31, 2014 from $153.1 million in the year ended December 31, 2013. The increase was primarily due the additional supply cost of centers acquired in 2014, which were mainly multi-specialty centers, as well as those centers acquired in 2013 that now have a full period of supplies costs as compared to the prior year.

Other operating expenses increased $13.8 million, or 6.4%, to $230.3 million in the year ended December 31, 2014 from $216.5 million in the year ended December 31, 2013. The additional expense in the 2014 periods resulted primarily from:

- an increase of $7.6 million in other operating expenses at our 2014 same-center group in the year ended December 31, 2014;
- centers acquired or opened during 2013, which resulted in an increase of $4.8 million in other operating expenses in the year ended December 31, 2014; and
- centers acquired or opened during 2014, which resulted in an increase of $3.9 million in other operating expenses in the year ended December 31, 2014.

During the year ended December 31, 2014, we recognized in operating expenses transaction costs primarily associated with the acquisition of Sheridan of $29.0 million.

Depreciation and amortization expense increased $2.3 million, or 7.0%, in the year ended December 31, 2014, primarily as a result of centers acquired during 2013 and 2014.

Equity in earnings of unconsolidated affiliates was $3.2 million during each of the years ended December 31, 2014 and 2013. During the year ended December 31, 2014, we entered into four separate equity method investments. As a result of these investment transactions, we contributed our controlling interest in four of our centers and received net cash of $1.2 million in exchange for noncontrolling interests in the new investments. Each of these investments is jointly owned by a health system and us. The newly formed investments (including the contributed centers) are controlled by the health systems. Also, as part of these transactions, we obtained a non-controlling interest in one additional centers which was contributed by a health system.

Physician Services Operations

We utilize certain measures for our physician services operations to monitor our net revenue growth, which includes same contract revenue, new contract revenue and acquired contract revenue. Our same contract revenue reflects revenue received from services provided through contracts in existence in both comparable reporting periods. Our new contract revenue reflects revenue from contracts that have not been in effect for both the entire current and comparable periods less the amount of revenue relating to contracts terminated during such periods. Acquired contract revenue reflects the revenue from acquisitions that were completed during the periods. The following table presents the percentage change related to our net revenue growth and same contract revenue growth during the year ended December 31, 2015.

	2015
Contribution to Net Revenue Growth:	
Same contract	7.5%
New contract	2.0
Acquired contract and other	14.9
Total net revenue growth	24.4%
Same contract revenue growth	9.9%

During the year ended December 31, 2015, our total growth in net revenue resulted primarily from physician practices acquired in 2015, which contributed approximately $173.7 million. In addition, we experienced an increase in net revenue as a result of same contract growth, which is reflective of an increase in patient encounters and increased revenue per patient encounter, which in part is due to the continuing positive payer mix shift from serving a higher percentage of insured patients, increased acuity, and positive contracting efforts.

We evaluate our physician services revenue net of contractual adjustments and provisions for uncollectible charges. Payors generally receive discounts from standard charges, which we refer to as contractual adjustments. In addition, patients our physicians serve may be personally responsible for the payment of the medical services they receive. Our contracts with hospitals and other facilities typically require us to provide care to all patients who present at our locations. While we seek to bill for all medical services we provide, a portion of our medical services are delivered to patients that have no insurance and from whom we cannot collect full compensation. As a result, we establish a provision for uncollectible charges. Our net revenue from our physician services operations represents gross billings after provisions for contractual allowances and uncollectibles.

The following table presents selected statement of earnings data expressed in dollars (in thousands) and as a percentage of net revenue for our physician services segment.

	Year Ended December 31, 2015		July 16, 2014 - December 31, 2014 [1]	
Net revenue	$ 1,336,834	100.0%	$ 512,014	100.0%
Operating expenses:				
Salaries and benefits	942,243	70.5	352,670	68.9
Supply cost	2,439	0.2	1,292	0.3
Other operating expenses	150,269	11.2	54,621	10.7
Transaction costs	6,562	0.5	4,886	1.0
Depreciation and amortization	61,658	4.6	25,677	5.0
Total operating expenses	1,163,171	87.0	439,146	85.8
Loss on deconsolidation	(6,557)	(0.5)	—	—
Equity in earnings of unconsolidated affiliates	9,686	0.7	3,839	0.7
Operating income	$ 176,792	13.2%	$ 76,707	15.0%

(1) On July 16, 2014, we completed the acquisition of Sheridan. Accordingly, historical amounts for periods prior to that date are not included.

Year Ended December 31, 2015 Compared to the Period from July 16 through December 31, 2014

Included in total operating expenses above for the year ended December 31, 2015 is approximately $979.2 million incurred for direct practice expenses, which primarily includes salaries and benefits costs of our physicians and other professional medical personnel. During the period July 16, 2014 through December 31, 2014, direct practice expenses was $372.6 million. As a percentage of physician services revenue, direct practice expense was 73.2% for the year ended December 31, 2015 compared to 72.8% for the period July 16, 2014 through December 31, 2014. Direct practice expense is generally higher in the first quarter due to the concentration of additional payroll taxes and other employee benefits which is not included in prior year's results since the acquisition date was after the first quarter. During the year ended December 31, 2015, we recognized approximately $8.8 million in other operating expenses associated with the net change in fair value of contingent consideration which related to acquisitions completed during the year ended December 31, 2014.

During the year ended December 31, 2015, we incurred approximately $6.6 million of transaction costs associated with our acquisition of physician practices compared to $4.9 million incurred during the prior year period.

Depreciation and amortization for our physician services segment includes approximately $59.1 million of amortization for the year ended December 31, 2015 resulting primarily from amortizable intangible assets related to our customer relationships with hospitals. During the period July 16, 2014 through December 31, 2014 depreciation and amortization for our physician services segment included approximately $24.6 million of amortization. The increase in amortization associated with customer relationships with hospitals during the year ended December 31, 2015 compared to the prior year period is a result of acquisitions completed subsequent to the Sheridan transaction.

We recognized a loss on deconsolidation of $6.6 million during the year ended December 31, 2015 as a result of the deconsolidation of certain contracts which we contributed to one of our unconsolidated investments.

Equity in earnings of unconsolidated affiliates increased to $9.7 million in the year ended December 31, 2015 compared to $3.8 million for the year ended December 31, 2014 primarily due to the growth in operations of our investments in unconsolidated affiliates and due to the additional contracts contributed to and established within these investments during the year.

Liquidity and Capital Resources

Cash and cash equivalents at December 31, 2015 and December 31, 2014 were $106.7 million and $208.1 million, respectively. Our net change in cash is primarily due to the following:

- an increase in net earnings of $136.3 million over the prior year primarily due to having a full year of physician services operations and due to the reduction of transaction costs which were incurred in 2014 to complete the acquisition of Sheridan;
- completed ambulatory services and physician services acquisitions totaling $962.7 million (net of cash acquired);
- net proceeds from a common stock equity offering of $447.7 million;
- net borrowings on the revolving credit agreement of $175.0 million;
- interest payments of $112.7 million compared to $38.1 million in 2014; and
- income tax payments of $74.6 million compared to $19.2 million in 2014.

At December 31, 2015, we had working capital of $149.5 million, compared to $278.1 million at December 31, 2014. The decrease is primarily due to the cash paid for acquisitions completed during the year ended December 31, 2015, an increase in accrued salaries and benefits primarily resulting from increased profit sharing incentives and partially offset by net accounts receivable recorded for current year acquisitions. Operating activities for the year ended December 31, 2015 generated $538.0 million in cash flow from operations, compared to $412.4 million for the year ended December 31, 2014. Additionally, net cash flow provided by operating activities, net of distributions to noncontrolling interests, for the year ended December 31, 2015 was $323.1 million, compared to $222.3 million for the year ended December 31, 2014. The increase in operating cash flow resulted primarily from the additional earnings from our physician services segment, which is included from July 16, 2014 (the date of acquisition) through December 31, 2014 and an increase in net earnings from our ambulatory services segment. For our ambulatory services segment, positive operating cash flows of individual centers are the sole source of cash used to make distributions to our wholly-owned subsidiaries, as well as to our physician partners, which we are obligated to make on a monthly basis in accordance with each partnership's partnership or operating agreement.

The principal source of our operating cash flow is the collection of accounts receivable from governmental payors, commercial payors and individuals. We bill for services as delivered, usually within a few days following the date the service is rendered for our ambulatory services segment and within five to ten days following the date the service is rendered for our physician services segment.

Generally, unpaid amounts that are 30 to 45 days past due are rebilled based on a standard set of procedures. If amounts remain uncollected after 60 days, we proceed with a series of late-notice notifications until amounts are either collected, contractually written off in accordance with contracted rates or determined to be uncollectible, typically after 90 to 120 days. Receivables determined to be uncollectible are written off and such amounts are applied to our estimate of allowance for bad debts as previously established in accordance with our policy for bad debt expense. The amount of actual write-offs of account balances for each of our subsidiaries is continuously compared to established allowances for bad debt to ensure that such allowances are adequate. At December 31, 2015 and 2014, our ambulatory services segment net accounts receivable represented 38 and 37 days of revenue outstanding, respectively. At December 31, 2015 and 2014, our physician services segment net accounts receivable represented 44 and 41 days of revenue outstanding, respectively.

During the year ended December 31, 2015, we had total acquisition and capital expenditures of $1.0 billion, which included:

- $831.4 million for the acquisition of physician practices;
- $131.3 million for the acquisition of interests in surgery centers; and
- $62.5 million for new or replacement property, including $2.3 million in new capital leases.

At December 31, 2015, we had unfunded construction and equipment purchase commitments for our new physician services headquarters and for surgery centers under development or under renovation of approximately $18.3 million, which we intend to fund through additional borrowings of long-term debt and operating cash flow.

As of December 31, 2015 we had $27.4 million of restricted cash and marketable securities which is restricted for the purpose of satisfying the obligations of our wholly-owned captive insurance company. Approximately $13.5 million is reflected as a component of total current assets in the accompanying consolidated balance sheets which is expected to be utilized to satisfy the claims payments estimated to occur in the next 12 months.

During the year ended December 31, 2015, we received approximately $2.6 million from the exercise of stock options under our employee stock incentive plans and the tax benefit received from the exercise of those options and restricted stock vested was approximately $4.0 million.

During the year ended December 31, 2015, we repurchased 67,000 shares of our common stock by withholding a portion of employee restricted stock that vested, with a value of approximately $3.7 million, to cover payroll withholding taxes in accordance with the restricted stock agreements. During the year ended December 31, 2014, we repurchased 100,720 shares of our common stock by withholding a portion of employee restricted stock that vested, with a value of approximately $4.6 million, to cover payroll withholding taxes in accordance with the restricted stock agreements.

During December 2015, we issued 5,835,000 shares of its common stock in a public offering, at $80.00 per share, prior to underwriting discounts, commissions and other related offering expenses of approximately $19.1 million. Proceeds were used to repay a portion of our revolving credit facility, to fund a portion of the acquisitions completed during the year ended 2015 and for general corporate purposes.

For the year ended December 31, 2015, we had net proceeds from long-term borrowings of $167.5 million. At December 31, 2015, we had available $325.0 million under our revolving credit agreement, $250.0 million outstanding pursuant to our 5.625% senior unsecured notes due 2020 (the 2020 Senior Unsecured Notes), $1.1 billion outstanding pursuant to our 5.625% Senior Unsecured Notes due 2022 (the 2022 Senior Unsecured Notes) and $857.0 million outstanding pursuant to our term loan.

On July 16, 2014, we completed the acquisition of Sheridan in a cash and stock transaction valued at approximately $2.35 billion. To fund the transaction, we completed offerings of common stock and mandatory convertible preferred stock on July 2, 2014, which resulted in the issuance of 9,775,000 shares of common stock and 1,725,000 shares of mandatory convertible preferred stock. Proceeds from the common stock offering and mandatory preferred stock offering, net of estimated transaction fees, were approximately $421.3 million and $166.6 million, respectively. In addition, on July 16, 2014, we entered into a new senior secured credit facility comprised of an $870.0 million term loan and a $300.0 million revolving credit facility and completed a private offering of $1.1 billion aggregate principal amount of our 2022 Senior Unsecured Notes. As a result of these transactions, the obligations related to our previously existing revolving credit facility and Senior Secured Notes were satisfied and terminated.

Our $870.0 million term loan matures on July 16, 2021 and bears interest equal to, at our option, the alternative base rate as defined in the agreement (ABR) plus 1.75% to 2.00% or LIBOR plus 2.75% to 3.00%, with a LIBOR floor of 0.75%, or a combination thereof (3.75% on December 31, 2015). The new revolving credit facility, which matures on July 16, 2019, permits us to borrow up to $500.0 million, as amended, at an interest rate equal to, at our option, the ABR plus 1.75% to 2.00% or LIBOR plus 2.75% to 3.00%, or a

combination thereof; and provides for a fee of 0.375% of unused commitments. In accordance with the terms of the senior secured credit facility, principal payments are required quarterly in installments of an amount equal to 0.25% of the aggregate initial principal amount of the term loan. We have the option to increase borrowings under our senior secured credit facility beyond the initial term under both the term loan and revolver as long as certain financial covenants are met and lender approval is obtained. On October 21, 2015, we exercised the accordion feature of our revolving credit facility and increased our borrowing capacity by $200.0 million to $500.0 million.

During 2014, we completed a private offering of $1.1 billion aggregate principal amount in 2022 Senior Unsecured Notes. Interest on the 2022 Senior Unsecured Notes accrues at the rate of 5.625% per annum and is payable semi-annually in arrears on January 15 and July 15 through the maturity date on July 15, 2022. At December 31, 2015, we had approximately $28.5 million in accrued interest associated with the 2022 Senior Unsecured Notes reflected in other accrued liabilities, which was paid in January 2016.

The mandatory convertible preferred stock pays dividends at an annual rate of 5.25% of the initial liquidation preference of $100 per share. Dividends began to accrue from the date of issuance and, to the extent lawful and declared by our board of directors, will be paid on each January 1, April 1, July 1 and October 1 in cash or, at our election (subject to certain limitations), by delivery of any combination of cash and shares of common stock. At any time prior to July 1, 2017, holders may elect to convert all or a portion of their shares of mandatory convertible preferred stock into shares of common stock at the minimum conversion rate. On July 1, 2017, all outstanding shares of our mandatory convertible preferred stock will convert into common stock. During the year ended December 31, 2015, our Board of Directors has declared four dividend payments each totaling $1.3125 per share in cash, or $2.3 million each, totaling $9.1 million. All declarations have been funded to the paying agent at December 31, 2015 except those declared on November 19, 2015, which were funded to the paying agent to be paid on January 1, 2016 to shareholders of record as of December 15, 2015. During the year ended December 31, 2014, our Board of Directors declared dividends totaling $4.5 million.

During 2012, we completed a private offering of $250.0 million in 2020 Senior Unsecured Notes. Interest accrues at the rate of 5.625% per annum and is payable semi-annually in arrears on May 30th and November 30th, through the maturity date on November 30, 2020. At December 31, 2015, we had approximately $1.2 million in accrued interest associated with the 2020 Senior Unsecured Notes reflected in other accrued liabilities which will be paid in May 2016. The 2020 Senior Unsecured Notes contain certain covenants which, among other things, limit our ability to enter into or guarantee additional borrowing, sell preferred stock, pay dividends and repurchase stock, in each case subject to certain exceptions.

As of December 31, 2015, we were in compliance with all covenants contained in our credit agreement, the indenture governing our 2020 Senior Unsecured Notes, and the indenture governing our 2022 Senior Unsecured Notes.

The following schedule summarizes our contractual obligations by period as of December 31, 2015 (in thousands):

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt, including interest [(1)]	$ 3,066,523	$ 130,037	$ 253,259	$ 658,247	$ 2,024,980
Capital lease obligations, including interest	25,224	3,021	5,278	3,934	12,991
Operating leases, including renewal option periods [(2)]	599,166	55,636	109,372	102,412	331,746
Liability for unrecognized tax benefits	3,426	—	3,426	—	—
Contingent consideration	5,509	5,509	—	—	—
Construction in progress commitments	18,290	18,290	—	—	—
Total contractual obligations	$ 3,718,138	$ 212,493	$ 371,335	$ 764,593	$ 2,369,717

(1) Our long-term debt may increase based on future acquisition activity. We intend to either use our operating cash flow to repay our long-term debt or refinance such obligations as they come due.

(2) Operating lease obligations do not include common area maintenance, insurance or tax payments for which we were also obligated.

On January 16, 2015, we entered into an agreement to lease approximately 222,000 square feet of office space in Plantation, Florida which we intend to be the future headquarters of our physician services operations. We took possession of the space in the fourth quarter of 2015 to begin tenant improvements on approximately 167,000 square feet of space, which we intend to occupy during the third quarter of 2016. In addition, we plan to begin tenant improvements on an additional 55,000 square feet of space during the third quarter of 2016, which we intend to occupy during the fourth quarter of 2016. Annual rent expense is expected to be approximately

$2.9 million. The initial term of this lease agreement expires in February 2029. Our rent obligation does not require cash payments until September 2016.

Based upon our current operations and anticipated growth, we believe our operating cash flow, borrowing capacity and ability to access capital markets will provide adequate resources to meet our working capital and capital expenditure requirements for the next 12 to 18 months. In addition to acquiring and developing ASCs and physician practices, we may from time to time consider other acquisitions or strategic joint ventures involving other companies, multiple-center chains, networks of ASCs or physician practices. Such acquisitions, joint ventures or other opportunities may require an amendment to our current debt agreements or additional external financing, which may include sales of equity securities. We cannot assure you that any required financing will be available, or will be available on terms acceptable to us.

Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risk primarily from exposure to changes in interest rates based on our financing, investing and cash management activities. We utilize a balanced mix of maturities along with both fixed rate and variable rate debt to manage our exposures to changes in interest rates. Our variable debt instruments are primarily indexed to the prime rate or LIBOR. Interest rate changes would result in gains or losses in the market value of our fixed rate debt portfolio due to differences in market interest rates and the rates at the inception of the debt agreements. Based upon our indebtedness at December 31, 2015, a 100 basis point interest rate change would impact our net earnings and cash flow by approximately $6.2 million annually. Although there can be no assurances that interest rates will not change significantly, we do not expect changes in interest rates to have a material effect on our net earnings or cash flows in 2016.

The table below provides information as of December 31, 2015 about our long-term debt obligations based on maturity dates that are sensitive to changes in interest rates, including principal cash flows and related weighted average interest rates by expected maturity dates (in thousands, except percentage data):

	Years Ended December 31,							Fair Value at December 31,
	2016	2017	2018	2019	2020	Thereafter	Total	2015
Fixed rate	$ 11,098	$ 8,995	$ 5,768	$ 3,193	$ 252,311	$ 1,110,848	$ 1,392,213	$ 1,387,088
Average interest rate	3.6%	3.6%	3.9%	4.4%	5.6%	5.6%		
Variable rate	$ 9,279	$ 9,022	$ 9,030	$ 183,813	$ 8,700	$ 813,450	$ 1,033,294	$ 1,033,294
Average interest rate	3.5%	3.5%	3.5%	3.4%	3.5%	3.5%		

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
AmSurg Corp.
Nashville, Tennessee

We have audited the accompanying consolidated balance sheets of AmSurg Corp. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of earnings, changes in equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of AmSurg Corp. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Nashville, Tennessee
February 25, 2016

AmSurg Corp.
Consolidated Balance Sheets
(In thousands)

	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 106,660	$ 208,079
Restricted cash and marketable securities	13,506	10,219
Accounts receivable, net of allowance of $167,411 and $113,357, respectively	337,330	233,053
Supplies inventory	21,406	19,974
Prepaid and other current assets	75,771	92,900
Total current assets	554,673	564,225
Property and equipment, net	189,168	180,448
Investments in unconsolidated affiliates	169,170	75,475
Goodwill	3,970,210	3,381,149
Intangible assets, net	1,641,811	1,273,879
Other assets	21,450	25,886
Total assets	$ 6,546,482	$ 5,501,062
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 20,377	$ 18,826
Accounts payable	32,561	29,585
Accrued salaries and benefits	202,537	140,044
Accrued interest	30,480	29,644
Other accrued liabilities	119,237	67,986
Total current liabilities	405,192	286,085
Long-term debt	2,405,130	2,232,186
Deferred income taxes	699,498	611,018
Other long-term liabilities	96,183	89,443
Commitments and contingencies		
Noncontrolling interests – redeemable	175,732	184,099
Equity:		
Preferred stock, no par value, 5,000 shares authorized, 1,725 shares issued and outstanding	166,632	166,632
Common stock, no par value, 120,000 and 70,000 shares authorized, respectively, 54,294 and 48,113 shares issued and outstanding, respectively	1,345,418	885,393
Retained earnings	781,413	627,522
Total AmSurg Corp. equity	2,293,463	1,679,547
Noncontrolling interests – non-redeemable	471,284	418,684
Total equity	2,764,747	2,098,231
Total liabilities and equity	$ 6,546,482	$ 5,501,062

See accompanying notes to the consolidated financial statements.

AmSurg Corp.
Consolidated Statements of Earnings
(In thousands, except earnings per share)

	Year Ended December 31,		
	2015	2014	2013
Revenues	$ 2,832,958	$ 1,738,950	$ 1,057,196
Provision for uncollectibles	(266,074)	(117,001)	—
Net revenue	2,566,884	1,621,949	1,057,196
Operating expenses:			
Salaries and benefits	1,314,392	694,576	327,585
Supply cost	184,222	164,296	153,126
Other operating expenses	397,794	284,928	216,501
Transaction costs	8,324	33,890	300
Depreciation and amortization	97,493	60,344	32,400
Total operating expenses	2,002,225	1,238,034	729,912
Net gain on deconsolidations	36,694	3,411	2,237
Equity in earnings of unconsolidated affiliates	16,152	7,038	3,151
Operating income	617,505	394,364	332,672
Interest expense, net	121,586	83,285	29,525
Debt extinguishment costs	—	16,887	—
Earnings from continuing operations before income taxes	495,919	294,192	303,147
Income tax expense	113,790	48,103	48,654
Net earnings from continuing operations	382,129	246,089	254,493
Net earnings (loss) from discontinued operations	(1,013)	(1,296)	7,051
Net earnings	381,116	244,793	261,544
Less net earnings attributable to noncontrolling interests	218,169	191,092	188,841
Net earnings attributable to AmSurg Corp. shareholders	162,947	53,701	72,703
Preferred stock dividends	(9,056)	(4,503)	—
Net earnings attributable to AmSurg Corp. common shareholders	$ 153,891	$ 49,198	$ 72,703
Amounts attributable to AmSurg Corp. common shareholders:			
Earnings from continuing operations, net of income tax	$ 154,892	$ 50,777	$ 71,009
Earnings (loss) from discontinued operations, net of income tax	(1,001)	(1,579)	1,694
Net earnings attributable to AmSurg Corp. common shareholders	$ 153,891	$ 49,198	$ 72,703
Basic earnings per share attributable to AmSurg Corp. common shareholders:			
Net earnings from continuing operations	$ 3.22	$ 1.29	$ 2.27
Net earnings (loss) from discontinued operations	(0.02)	(0.04)	0.05
Net earnings	$ 3.20	$ 1.25	$ 2.32
Diluted earnings per share attributable to AmSurg Corp. common shareholders:			
Net earnings from continuing operations	$ 3.18	$ 1.28	$ 2.22
Net earnings (loss) from discontinued operations	(0.02)	(0.04)	0.05
Net earnings	$ 3.16	$ 1.24	$ 2.28
Weighted average number of shares and share equivalents outstanding:			
Basic	48,058	39,311	31,338
Diluted	51,612	39,625	31,954

See accompanying notes to the consolidated financial statements.

AmSurg Corp.
Consolidated Statements of Changes in Equity
(In thousands)

	AmSurg Corp. Shareholders							
	Common Stock		Preferred Stock		Retained Earnings	Noncontrolling Interests – Non-Redeemable	Total Equity (Permanent)	Noncontrolling Interests – Redeemable (Temporary Equity)
	Shares	Amount	Shares	Amount				
Balance at January 1, 2013	31,941	$ 183,867	—	$ —	$ 505,621	$ 310,978	$ 1,000,466	$ 175,382
Net earnings	—	—	—	—	72,703	49,789	122,492	139,052
Issuance of restricted common stock	292	—	—	—	—	—	—	—
Cancellation of restricted common stock	(16)	—	—	—	—	—	—	—
Stock options exercised	1,393	33,349	—	—	—	—	33,349	—
Stock repurchased	(1,257)	(45,964)	—	—	—	—	(45,964)	—
Share-based compensation	—	8,321	—	—	—	—	8,321	—
Tax benefit related to exercise of share-based awards	—	7,247	—	—	—	—	7,247	—
Acquisitions and other transactions impacting noncontrolling interests	—	679	—	—	—	48,115	48,794	(319)
Distributions to noncontrolling interests, net of capital contributions	—	—	—	—	—	(49,533)	(49,533)	(134,298)
Disposals and other transactions impacting noncontrolling interests	—	(1,626)	—	—	—	2,010	384	(2,120)
Balance at December 31, 2013	32,353	$ 185,873	—	$ —	$ 578,324	$ 361,359	$ 1,125,556	$ 177,697
Net earnings	—	—	—	—	53,701	56,048	109,749	135,044
Issuance of stock	15,490	693,289	1,725	166,632	—	—	859,921	—
Issuance of restricted stock	272	—	—	—	—	—	—	—
Cancellation of restricted stock	(12)	—	—	—	—	—	—	—
Stock options exercised	111	2,630	—	—	—	—	2,630	—
Stock repurchased	(101)	(4,615)	—	—	—	—	(4,615)	—
Share-based compensation	—	10,104	—	—	—	—	10,104	—
Tax benefit related to exercise of share-based awards	—	3,177	—	—	—	—	3,177	—
Dividends paid on preferred stock	—	—	—	—	(4,503)	—	(4,503)	—
Acquisitions and other transactions impacting noncontrolling interests	—	744	—	—	—	54,725	55,469	6,482
Distributions to noncontrolling interests, net of capital contributions	—	—	—	—	—	(56,439)	(56,439)	(133,594)
Disposals and other transactions impacting noncontrolling interests	—	(5,809)	—	—	—	2,991	(2,818)	(1,530)
Balance at December 31, 2014	48,113	$ 885,393	1,725	$ 166,632	$ 627,522	$ 418,684	$ 2,098,231	$ 184,099
Net earnings	—	—	—	—	162,947	67,568	230,515	150,601
Issuance of stock	5,835	447,720	—	—	—	—	447,720	—
Issuance of restricted stock	314	—	—	—	—	—	—	—
Cancellation of restricted stock	(14)	—	—	—	—	—	—	—
Stock options exercised	113	2,584	—	—	—	—	2,584	—
Stock repurchased	(67)	(3,684)	—	—	—	—	(3,684)	—
Share-based compensation	—	15,009	—	—	—	—	15,009	—
Tax benefit related to exercise of share-based awards	—	4,001	—	—	—	—	4,001	—
Dividends paid on preferred stock	—	—	—	—	(9,056)	—	(9,056)	—
Acquisitions and other transactions impacting noncontrolling interests	—	1,019	—	—	—	81,863	82,882	(725)
Distributions to noncontrolling interests, net of capital contributions	—	—	—	—	—	(66,294)	(66,294)	(147,182)
Disposals and other transactions impacting noncontrolling interests	—	(6,624)	—	—	—	(30,537)	(37,161)	(11,061)
Balance at December 31, 2015	54,294	$ 1,345,418	1,725	$ 166,632	$ 781,413	$ 471,284	$ 2,764,747	$ 175,732

See accompanying notes to the consolidated financial statements.

AmSurg Corp.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net earnings	$ 381,116	$ 244,793	$ 261,544
Adjustments to reconcile net earnings to net cash flows provided by operating activities:			
Depreciation and amortization	97,493	60,344	32,400
Amortization of deferred loan costs	8,362	17,715	1,977
Provision for uncollectibles	287,427	139,274	21,947
Net (gain) loss on sale of long-lived assets	(12)	2,843	(1,468)
Net gain on deconsolidations	(36,694)	(3,411)	(2,237)
Share-based compensation	15,009	10,104	8,321
Excess tax benefit from share-based compensation	(4,001)	(3,177)	(7,247)
Deferred income taxes	19,037	30,780	38,363
Equity in earnings of unconsolidated affiliates	(16,152)	(7,038)	(3,151)
Debt extinguishment costs	—	4,536	—
Net change in fair value of contingent consideration	8,804	—	—
Increases (decreases) in cash and cash equivalents, net of acquisitions and dispositions:			
Accounts receivable	(326,234)	(137,663)	(23,244)
Supplies inventory	(342)	(206)	132
Prepaid and other current assets	25,880	(9,091)	(5,308)
Accounts payable	3,131	(8,440)	441
Accrued expenses and other liabilities	66,600	66,175	6,693
Other, net	8,535	4,833	3,661
Net cash flows provided by operating activities	537,959	412,371	332,824
Cash flows from investing activities:			
Acquisitions and related expenses	(962,689)	(2,184,058)	(73,594)
Acquisition of property and equipment	(60,305)	(40,217)	(28,856)
Proceeds from sale of interests in surgery centers	7,114	7,069	3,553
Purchases of marketable securities	(3,984)	(6,474)	—
Maturities of marketable securities	4,233	3,486	—
Other	(1,194)	(4,941)	159
Net cash flows used in investing activities	(1,016,825)	(2,225,135)	(98,738)
Cash flows from financing activities:			
Proceeds from long-term borrowings and revolving credit facility	560,133	2,048,958	162,204
Repayment on long-term borrowings and revolving credit facility	(392,586)	(408,475)	(202,083)
Distributions to noncontrolling interests	(214,899)	(190,097)	(184,149)
Proceeds from preferred stock offering	—	172,500	—
Proceeds from common stock offering	466,777	439,875	—
Proceeds from issuance of common stock upon exercise of stock options	2,584	2,630	33,349
Repurchase of common stock	(3,684)	(4,615)	(45,964)
Payments of equity issuance costs	(19,058)	(24,494)	—
Financing costs incurred	(1,111)	(65,811)	(1,322)
Other	(20,709)	(468)	8,321
Net cash flows provided by (used in) financing activities	377,447	1,970,003	(229,644)
Net increase (decrease) in cash and cash equivalents	(101,419)	157,239	4,442
Cash and cash equivalents, beginning of period	208,079	50,840	46,398
Cash and cash equivalents, end of period	$ 106,660	$ 208,079	$ 50,840
Supplemental cash flow information:			
Interest payments	$ 112,678	$ 38,129	$ 28,378
Income tax payments, net of refunds	$ 74,602	$ 19,224	$ 7,756

See accompanying notes to the consolidated financial statements.

AmSurg Corp.
Notes to the Consolidated Financial Statements

(1) Summary of Accounting Policies

Below are a summary of the Company's policies that are not otherwise found within other notes.

a. Principles of Consolidation

Ambulatory Services

AmSurg Corp. (the "Company"), through its wholly-owned subsidiaries, owns interests, primarily 51%, in limited liability companies (LLCs) and limited partnerships (LPs) which own and operate ASCs primarily in the following specialties: gastroenterology; multi-specialty; ophthalmology; and orthopaedics. All LLCs and LPs and noncontrolling partners are referred to herein as "partnerships" and "partners", respectively. The Company does not have an ownership interest in a partnership greater than 51% which it does not consolidate. The Company has ownership interests of less than 51% in 23 partnerships, 2 of which it consolidates as the Company has substantive participation rights and 21 of which it does not consolidate as the Company's rights are limited to protective rights only. Consolidation of certain less than wholly owned partnerships is necessary as the Company's wholly-owned subsidiaries have primarily 51% or more of the financial interest of the partnership, are the general partner or majority member with all the duties, rights and responsibilities thereof, are responsible for the day-to-day management of the partnership, and have control of the entities. The responsibilities of the Company's noncontrolling partners (LPs and noncontrolling members) are to supervise the delivery of medical services, with their rights being restricted to those that protect their financial interests, such as approval of the acquisition of significant assets or the incurrence of debt which they are generally required to guarantee on a pro rata basis based upon their respective ownership interests. Intercompany profits, transactions and balances have been eliminated.

Ownership interests in consolidated subsidiaries held by parties other than the Company are identified and generally presented in the consolidated financial statements within the equity section but separate from the Company's equity. However, for instances in which certain redemption features that are not solely within the control of the Company are present, classification of noncontrolling interests outside of permanent equity is required. Consolidated net income attributable to the Company and to the noncontrolling interests are identified and presented on the consolidated statements of earnings; changes in ownership interests are accounted for as equity transactions; and when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary are measured at fair value. Certain transactions with noncontrolling interests are also classified within financing activities in the statements of cash flows.

As further described in note 19, upon the occurrence of various fundamental regulatory changes, the Company would be obligated, under the terms of certain partnership and operating agreements, to purchase the noncontrolling interests related to a substantial majority of the Company's partnerships. While the Company believes that the likelihood of a change in current law that would trigger such purchases was remote as of December 31, 2015, the occurrence of such regulatory changes is outside the control of the Company. As a result, these noncontrolling interests that are subject to this redemption feature are not included as part of the Company's equity and are classified as noncontrolling interests – redeemable on the Company's consolidated balance sheets.

Center profits and losses of consolidated entities are allocated to the Company's partners in proportion to their ownership percentages and reflected in the aggregate as net earnings attributable to noncontrolling interests. The partners of the Company's center partnerships typically are organized as general partnerships, LLCs or LPs that are not subject to federal income tax. Each partner shares in the pre-tax earnings of the center in which it is a partner. Accordingly, the earnings attributable to noncontrolling interests in each of the Company's consolidated partnerships are generally determined on a pre-tax basis, and total net earnings attributable to noncontrolling interests are presented after net earnings. However, the Company considers the impact of the net earnings attributable to noncontrolling interests on earnings before income taxes in order to determine the amount of pre-tax earnings on which the Company must determine its income tax expense. In addition, distributions from the partnerships are made to both the Company's wholly-owned subsidiaries and the partners on a pre-tax basis.

Physician Services

On July 16, 2014, the Company completed its acquisition of Sheridan Healthcare (Sheridan). Sheridan is a national provider of multi-specialty physician and administrative services to hospitals, ambulatory surgery centers and other healthcare facilities. Sheridan focuses on delivering comprehensive physician services, primarily in the areas of anesthesiology, radiology, children's services and emergency medicine to healthcare facilities. Through its contracts with healthcare facilities, Sheridan is authorized to bill and collect charges for fee for service medical services rendered by its healthcare professionals and employees in exchange for the provision of

services to the patients of these facilities. Contract revenue is earned directly from hospital customers through a variety of payment arrangements that are established to supplement payments from third-party payors. Sheridan also provides physician services and manages office-based practices in the areas of gynecology, obstetrics and perinatology. The consolidated financial statements include the accounts of Sheridan and its wholly-owned subsidiaries along with the accounts of affiliated professional corporations (PCs) with which Sheridan has certain management arrangements. Sheridan's agreements with these PCs provide that the term of the arrangements is permanent, subject only to termination by the Company, except in the case of gross negligence, fraud or bankruptcy of the Company. The PC structure is primarily used in states which prohibit the corporate practice of medicine. The arrangements are captive in nature as a majority of the outstanding voting equity instruments of the PCs are owned by nominee shareholders appointed at the sole discretion of the Company. The nominee shareholder is generally a medical doctor who is generally a senior corporate employee of the Company. The Company has a contractual right to transfer the ownership of the PCs at any time to any person it designates as the nominee shareholder. The Company has the right to all assets and to receive income, both as ongoing fees and as proceeds from the sale of any interest in the PCs, in an amount that fluctuates based on the performance of the PCs and the change in the fair value of the interest in the PCs. The Company has exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the PCs and establishes the guidelines for the employment and compensation of the physicians and other employees of the PCs which is consistent with the operation of the Company's wholly-owned affiliates. Based on the provisions of these agreements, the Company has determined that the PCs are variable interest entities and that the Company is the primary beneficiary as defined in ASC 810 “Consolidations.”

b. Cash and Cash Equivalents

Cash and cash equivalents are comprised principally of demand deposits at banks and other highly liquid short-term investments with maturities of less than three months when purchased. Cash and cash equivalents are reflected in the financial statements at cost, which approximates fair value.

c. Restricted Cash and Marketable Securities

As of December 31, 2015 and 2014, the Company had $27.4 million and $30.3 million, respectively, of restricted cash and marketable securities in the accompanying consolidated balance sheets which is restricted for the purpose of satisfying the obligations of the Company's wholly-owned captive insurance company. The Company has reflected $13.9 million and $20.1 million as of December 31, 2015 and 2014, respectively, of its restricted cash and marketable securities as a component of other assets in the accompanying consolidated balance sheets. Restricted cash and marketable securities reflected as a component of total current assets in the accompanying consolidated balance sheets represent amounts available to satisfy the claims payments estimated to occur in the next 12 months. As of December 31, 2015 and 2014, the Company had $2.7 million and $3.0 million, respectively, included in restricted cash and marketable securities at cost, consisting of certificates of deposit with maturities less than 180 days, which approximates fair value.

d. Supplies Inventory

Supplies inventory consists of medical and drug supplies and is recorded at cost on a first-in, first-out basis.

e. Fair Value Measurements

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability. The inputs used by the Company to measure fair value are classified into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3: Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

In determining the fair value of assets and liabilities that are measured on a recurring basis at December 31, 2015 and 2014, with the exception of contingent purchase price payables and the retained interests of investments in unconsolidated affiliates (further discussed in note 4 and note 5, respectively), the Company utilized Level 1 and 2 inputs to perform such measurements methods, which were commensurate with the market approach. There were no transfers to or from Levels 1 and 2 during the year ended

December 31, 2015. The Company's non-patient receivables and accounts payable are reflected in the financial statements at cost, which approximates fair value.

f. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g. Reclassifications

Certain amounts in the consolidated financial statements and these notes have been reclassified for the retrospective adoption of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2015-17 “Balance Sheet Classification of Deferred Taxes”. See below for further explanation.

h. Recent Accounting Pronouncements

In April 2014, the FASB issued ASU 2014-08 “Presentation of Financial Statements and Property, Plant and Equipment,” which raised the threshold for a disposal to qualify as a discontinued operation and requires certain new disclosures for individually material disposals that do not meet the new definition of a discontinued operation. The ASU’s intent is to reduce the number of disposals reported as discontinued operations by focusing on strategic shifts that have or will have a major effect on the Company’s operations and financial results rather than routine disposals that are not a change in the Company’s strategy. The guidance is effective for interim and annual periods beginning after December 15, 2014, with earlier adoption permitted. From time to time, the Company will dispose of certain of its entities due to management’s assessment of the Company’s strategy in the market and due to limited growth opportunities at those entities. Historically, these dispositions were classified as discontinued operations and recorded separately from continuing operations. The Company adopted this ASU effective January 1, 2015.

In May 2014, the FASB issued ASU 2014-09 “Revenue from Contracts with Customers,” which will eliminate the transaction and industry-specific revenue recognition guidance under current GAAP and replace it with a principle-based approach using the following steps: identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB issued ASU 2015-14 “Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date” which granted a one-year deferral of this ASU. The guidance in ASU 2014-09 will now be effective for public entities for annual reporting periods beginning after December 15, 2017, including interim periods therein. Early adoption will be permitted for annual reporting periods beginning after December 15, 2016, including interim periods therein.
The Company has yet to assess the impact, if any, this ASU will have on the Company's consolidated financial position, results of operations or cash flows.

In February 2015, the FASB issued ASU No. 2015-02, “Consolidations (Topic 810) - Amendments to the Consolidation Analysis”. The new guidance makes amendments to the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities. Under this analysis, limited partnerships and other similar entities will be considered a variable-interest entity unless the limited partners hold substantive kick-out rights or participating rights. The standard is effective for annual periods beginning after December 15, 2015, including interim periods therein. The Company does not believe this ASU will impact the Company's consolidated financial position, results of operations or cash flows. However, the Company continues to evaluate the disclosures required under this ASU and has not yet determined the impact, if any.

In April 2015, the FASB issued ASU No. 2015-03, “Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs”. ASU 2015-03 amends current presentation guidance by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU 2015-15 “Interest - Imputation of Interest (Subtopic 835-50), Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements - Amendments to Securities and Exchange Commission (SEC) Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting (SEC Update)” which incorporates into the Accounting Standards Codification an SEC staff announcement that the SEC staff will not object to an entity presenting the cost of securing a revolving line of credit as an asset, regardless of whether a balance is outstanding. The standards are effective for annual periods beginning after December 15, 2015, and interim periods within those fiscal years. Upon adoption, the Company will reclassify debt issuance costs which are currently presented as a component of intangible assets in the accompanying consolidated balance sheets to long-term debt, except those debt issuance costs associated with the Company's

revolving credit facility. The Company expects the adoption of this standard will not have a significant impact on the Company's consolidated financial position and will have no impact on the results of operations or cash flows.

In September 2015, the FASB issued ASU 2015-16 “Business Combinations (Topic 805), Simplifying the Accounting for Measurement-Period Adjustments” which eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment, including the effect on earnings of any amounts it would have recorded in previous periods if the accounting had been completed at the acquisition date. The guidance is effective for fiscal years, including interim periods within those fiscal years, beginning after December 31, 2015 with early adoption permitted. The Company adopted this standard as of September 2015. The adoption of this ASU did not have a material effect on the Company's consolidated financial position, results of operations or cash flows as of December 31, 2015.

In November 2015, the FASB issued ASU 2015-17 “Balance Sheet Classification of Deferred Taxes” which requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and non-current. The guidance is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted and companies may adopt the guidance prospectively or retrospectively. The Company adopted this standard retrospectively as of December 31, 2015 and as a result, reclassified $22.5 million from prepaid and other current assets to noncurrent deferred income taxes at December 31, 2014 in the accompanying consolidated balance sheets.

(2) Revenue Recognition

Ambulatory Services

Ambulatory services revenues consist of billing for the use of the centers’ facilities directly to the patient or third-party payor and, at certain of the Company’s centers (primarily centers that perform gastrointestinal endoscopy procedures), billing for anesthesia services provided by medical professionals employed or contracted by the Company’s centers. Such revenues are recognized when the related surgical procedures are performed. Revenues exclude any amounts billed for physicians’ surgical services, which are billed separately by the physicians to the patient or third-party payor.

Revenues from ambulatory services are recognized on the date of service, net of estimated contractual adjustments from third-party medical service payors including Medicare and Medicaid. During the years ended December 31, 2015, 2014 and 2013, the Company derived approximately 26%, 25% and 25%, respectively, of its ambulatory services revenues from governmental healthcare programs, primarily Medicare and managed Medicare programs.

Physician Services

Physician services revenues primarily consist of fee for service revenue and contract revenue and is derived principally from the provision of physician services to patients of the healthcare facilities the Company serves. Contract revenue represents income earned from the Company's hospital customers to supplement payments from third-party payors.

The Company records revenue at the time services are provided, net of a contractual allowance and a provision for uncollectibles. Revenue less the contractual allowance represents the net revenue expected to be collected from third-party payors (including managed care, commercial and governmental payors such as Medicare and Medicaid) and patients insured by these payors.
The Company also recognizes revenue for services provided during the period but are not yet billed. Expected collections are estimated based on fees and negotiated payment rates in the case of third-party payors, the specific benefits provided for under each patient's healthcare plan, mandated payment rates under the Medicare and Medicaid programs, and historical cash collections.

The Company's provision for uncollectibles includes its estimate of uncollectible balances due from uninsured patients, uncollectible co-pay and deductible balances due from insured patients and special charges, if any, for uncollectible balances due from managed care, commercial and governmental payors. The Company records net revenue from uninsured patients at its estimated realizable value, which includes a provision for uncollectible balances, based on historical cash collections (net of recoveries).

Net revenue for the physician services segment consists of the following major payors (in thousands):

	Year Ended December 31, 2015		Period from July 16, 2014 - December 31, 2014 [1]	
Medicare	$ 172,783	12.9%	$ 61,378	12.0%
Medicaid	69,607	5.2	28,224	5.5
Commercial and managed care	1,007,902	75.4	382,343	74.7
Self-pay	222,830	16.7	102,727	20.1
Net fee for service revenue	1,473,122	110.2	574,672	112.3
Contract and other revenue	129,786	9.7	54,343	10.6
Provision for uncollectibles	(266,074)	(19.9)	(117,001)	(22.9)
Net revenue for physician services	$ 1,336,834	100.0%	$ 512,014	100.0%

(1) On July 16, 2014, the Company completed the acquisition of Sheridan. Accordingly, historical amounts for periods prior to that date are not included.

(3) Accounts Receivable

The Company manages accounts receivable by regularly reviewing its accounts and contracts and by providing appropriate allowances for contractual adjustments and uncollectible amounts. Some of the factors considered by management in determining the amount of such allowances are the historical trends of cash collections, contractual and bad debt write-offs, accounts receivable agings, established fee schedules, contracts with payors, changes in payor mix and procedure statistics. Assessment of actual collections of accounts receivable in subsequent periods may require changes in the estimated contractual allowance and provision for uncollectibles. The Company routinely tests its analysis by comparing cash collections to net patient revenues and monitoring self-pay utilization. In addition, when actual collection percentages differ from expected results, for each facility or contract, supplemental detailed reviews of the outstanding accounts receivable balances may be performed by the Company to determine whether there are facts and circumstances existing that may cause a different conclusion as to the estimate of the collectability of that contract's accounts receivable from the estimate resulting from using the historical collection experience. The Company may also supplement its allowance for doubtful accounts policy for its physician services using a hindsight calculation that utilizes write-off data for all payor classes during the previous periods to estimate the allowance for doubtful accounts at a point in time. Material changes in estimates may result from unforeseen write-offs of patient or third party accounts receivable, unsuccessful disputes with managed care payors, adverse macro-economic conditions which limit patients' ability to meet their financial obligations for the care provided by physicians, or broad changes to government regulations that adversely impact reimbursement rates for services provided by the Company. Significant changes in payor mix, specialty mix, acuity, business office operations, general economic conditions and health care coverage provided by federal or state governments or private insurers may have a significant impact on the Company's estimates and significantly affect its results of operations and cash flows.

Due to the nature of the Company's operations, it is required to separate the presentation of its bad debt expense on the consolidated statement of earnings. The Company records the portion of its bad debts associated with its physician services segment as a component of net revenue in the accompanying consolidated statement of earnings, and the remaining portion, which is associated with its ambulatory services segment, is recorded as a component of other operating expenses in the accompanying consolidated statement of earnings. The bifurcation is a result of the Company's ability to assess the ultimate collection of the patient service revenue associated with its ambulatory services segment before services are provided. The Company's ambulatory services segment is generally able to verify a patient's insurance coverage and ability to pay before services are provided as those services are pre-scheduled and non-emergent. Bad debt expense for the ambulatory services segment is included in other operating expenses and was approximately $21.4 million, $21.9 million and $21.7 million for the years ended December 31, 2015, 2014 and 2013, respectively. Bad debt expense related to physician services was $266.1 million for the year ended December 31, 2015 and $117.0 million during the period from July 16, 2014 through December 31, 2014.

At December 31, 2015 and 2014 allowances for doubtful accounts were $167.4 million and $113.4 million, respectively. The increase in the allowance for doubtful accounts is primarily a result of operations from acquisitions completed during the year ended December 31, 2015. At December 31, 2015 and 2014, approximately 80% and 73%, respectively, of the Company's allowance for doubtful accounts was related to fee for service patient receivables associated with the Company's physician services segment. The principal exposure for uncollectible fee for service visits is from self-pay patients and, to a lesser extent, for co-payments and deductibles from patients with insurance. Concentration of credit risk is limited by the diversity and number of facilities, patients, payors and by the geographic dispersion of the Company's operations.

(4) Acquisitions

The Company accounts for its business combinations under the fundamental requirements of the acquisition method of accounting and under the premise that an acquirer be identified for each business combination. The acquirer is the entity that obtains control of one or more businesses in the business combination and the acquisition date is the date the acquirer achieves control. The assets acquired, liabilities assumed and any noncontrolling interests in the acquired business at the acquisition date are recognized at their fair values as of that date, and the direct costs incurred in connection with the business combination are recorded and expensed separately from the business combination. Acquisitions in which the Company is able to exert significant influence but does not have control are accounted for using the equity method.

Ambulatory Services Acquisitions

During 2015 and 2014, the Company, through a wholly-owned subsidiary, acquired a controlling interest in seven and eight surgery centers, respectively. Of the centers acquired during 2014, three were acquired as part of the Sheridan transaction and five were individually acquired in separate transactions. The aggregate amount paid for the centers and for settlement of purchase price payable obligations during December 31, 2015 and 2014 was approximately $131.3 million and $50.9 million, respectively, and was paid in cash and funded by a combination of operating cash flow and borrowings under the Company's revolving credit facility. The acquisitions completed during the year ended December 31, 2015 consist of the following:

Acquired Operations	Location	Date Acquired	Specialty
River Drive Surgery & Laser Center, LLC	Elmwood Park, NJ	February 2015	Ophthalmology
Campus Surgery Center, LLC	Daly City, CA	June 2015	Multi-Specialty
Waverly Surgery Center, LLC	Palo Alto, CA	June 2015	Multi-Specialty
Surgical Center at Millburn, LLC	Millburn-East Willow, NJ	July 2015	Multi-Specialty
Eye Surgery Center of Western Ohio, LLC	Lima, OH	August 2015	Ophthalmology
Surgical Specialty Center of Northeastern PA, LLC	Forty Fort, PA	October 2015	Multi-Specialty
South Portland Surgical Center, LLC	Tualatin, OR	November 2015	Multi-Specialty

Physician Services Acquisitions

The Company completed the acquisition of nine physician practices in 2015 and two physician practices in 2014 following the acquisition of Sheridan. During 2015 and 2014, the total consideration consisted of cash of $831.4 million and $19.0 million, respectively, which was funded at closing through available cash, current year operating cash flow and borrowings through the Company's credit facility. The acquisitions completed during the year ended December 31, 2015 consist of the following:

Acquired Operations	Location	Date Acquired	Specialty
Ambulatory Anesthesia Care, PC	Mountainside, NJ	January 2015	Anesthesia
Sheridan Radiology Management Services, Inc.	Beachwood, OH	January 2015	Radiology
Radiology Associates of Hollywood, P.A.	Pembroke Pines, FL	March 2015	Radiology
Halifax Anesthesiology Associates, P.A.	Daytona Beach, FL	April 2015	Anesthesia
Coastal Anesthesiology Consultants, P.A.	St. Augustine, FL	July 2015	Anesthesia
Bay Area Anesthesia, LLC	Tampa, FL	August 2015	Anesthesia
Valley Anesthesia Consultants, Ltd.	Phoenix, AZ	November 2015	Anesthesia
Chandler Emergency Medical Group, LLC	Phoenix, AZ	December 2015	Emergency
Northside Anesthesiology Consultants, LLC	Atlanta, GA	December 2015	Anesthesia

As a result of certain acquisitions completed during the year ended December 31, 2014, the Company has agreed to pay as additional consideration, amounts which are contingent on the acquired entities achieving future performance metrics. As of December 31, 2015 and December 31, 2014, the Company had accrued $5.5 million and $20.7 million, respectively, as a component of accrued liabilities and other long-term liabilities in the accompanying consolidated balance sheets which represents management's estimate of the fair values of the contingent consideration. During the year ended December 31, 2015, the Company made a payment of $28.7 million, of which $15.7 million was to settle the amount recorded at the acquisition date and represents a financing outflow in the consolidated statement of cash flows. As of December 31, 2015, the Company estimates it may have to pay between $5.0 million and $6.0 million

in future contingent payments for acquisitions made prior to December 31, 2014 based upon the current projected financial performance or anticipated achievement of other targets of the acquired operations. The current estimate of future contingent payments could increase or decrease depending upon the actual performance of the acquisitions over each respective measurement period. During the year ended December 31, 2015, the Company recorded a net increase of $10.0 million based on results of operations of the associated acquisitions, of which $8.8 million is included in other operating expenses in the accompanying consolidated statements of earnings. Additionally, the Company recorded an increase in the contingent liability of $3.5 million during the year ended December 31, 2015 as a result of the acquisition accounting associated with the purchase of Sheridan. The acquisitions completed during the year ended December 31, 2015 did not contain provisions for contingent consideration.

The Company utilizes Level 3 inputs, which include unobservable data, to measure the fair value of the contingent consideration. The fair value was determined utilizing future forecasts of both earnings and other performance metrics which are expected to be achieved during the performance period, in accordance with each respective purchase agreement. In estimating the fair value, management developed various scenarios and weighted the probable outcome of each scenario using a range of expected probability specific to each agreement. Management utilized a market rate to discount the results of such analysis in order to record the present value of the expected future payout. The timing of the payments of the additional consideration varies by agreement but is expected to occur within one to three years from the respective date of acquisition.

Sheridan Acquisition

On July 16, 2014 (the “acquisition date”), the Company completed the acquisition of Sheridan in a cash and stock transaction. At closing, the Company paid approximately $2.1 billion in cash and issued 5,713,909 shares of its common stock to the former owners of Sheridan in exchange for all of the outstanding equity interests of Sheridan. The shares issued to Sheridan were valued at approximately $272.0 million based on the closing price of the Company's common stock on July 16, 2014. The acquisition of Sheridan enhances the growth profile and diversity of the Company focusing on complementary specialties across the healthcare continuum.

To fund the transaction, the Company completed offerings of common stock and mandatory convertible preferred stock resulting in the issuance of 9,775,000 shares of common stock and 1,725,000 shares of mandatory convertible preferred stock. Proceeds from the common stock offering and mandatory preferred stock offering, net of transaction fees, were approximately $421.3 million and $166.6 million, respectively. In addition, on July 16, 2014, the Company entered into a new senior secured credit facility, which includes an $870.0 million term loan and a $300.0 million revolving credit facility, and completed a private offering of $1.1 billion aggregate principal amount of 5.625% senior unsecured notes due 2022.

Fees and expenses associated with the Sheridan transaction, which includes fees incurred related to the Company's equity issuances and debt financings, was approximately $139.1 million during the year ended December 31, 2014. Approximately $53.0 million was capitalized as deferred financing costs, $24.5 million was related to the equity offerings and recorded as a reduction to equity, $31.9 million was expensed as transaction costs, $12.8 million was amortized through interest expense and $16.9 million was recorded as debt extinguishment costs during the year ended December 31, 2014.

Purchase Price Allocations

The acquisition date fair value of the total consideration transferred and acquisition date fair value of each major class of consideration for the acquisitions completed during 2015 and 2014, including post acquisition date adjustments recorded to purchase price allocations, are as follows (in thousands):

	2015	2014	
	Individual Acquisitions [1]	Individual Acquisitions	Sheridan
Accounts receivable	$ 62,216	$ 1,816	$ 130,260
Other current assets	21,477	1,075	105,757
Property and equipment	15,484	3,294	20,185
Goodwill	682,458	101,865	1,534,656
Intangible assets	420,414	14,207	1,200,028
Other long-term assets	342	—	50,304
Accounts payable	(3,641)	(2,519)	(5,862)
Other accrued liabilities	(45,386)	(626)	(118,548)
Deferred income taxes	(88,728)	—	(432,792)
Other long-term liabilities	(4,958)	(8,588)	(69,456)
Long-term debt	(6,046)	(717)	(4,594)
Total fair value	1,053,632	109,807	2,409,938
Less: Fair value attributable to noncontrolling interests	85,443	39,371	24,365
Acquisition date fair value of total consideration transferred	$ 968,189	$ 70,436	$ 2,385,573

(1) Represents the preliminary allocation of fair value of acquired assets and liabilities associated with these acquisitions at December 31, 2015.

During 2015, no significant changes were made to the purchase price allocation of assets and liabilities, existing at the date of acquisition, related to individual acquisitions completed in 2014. During 2015, factors became known to the Company that resulted in changes to the purchase price allocation of assets and liabilities, existing at the date of acquisition, related to Sheridan and resulted in a net decrease to goodwill of $8.3 million, an increase to other accrued expenses, a decrease to other current assets and a decrease to deferred income taxes.

The total fair value of acquisitions completed by the Company include amounts allocated to goodwill, which result from the acquisitions' favorable reputations in their markets, their market positions and their ability to deliver quality care with high patient satisfaction consistent with the Company’s business model. Fair value attributable to noncontrolling interests is based on significant inputs that are not observable in the market. Key inputs used to determine the fair value include financial multiples used in the purchase of noncontrolling interests primarily from acquisitions of centers. Such multiples, based on earnings, are used as a benchmark for the discount to be applied for the lack of control or marketability. The fair value of noncontrolling interests for acquisitions where the purchase price allocation is not finalized may be subject to adjustment as the Company completes its initial accounting for acquired intangible assets. Additionally, the Company continues to obtain information relative to the fair values of assets acquired, liabilities assumed and any noncontrolling interests associated with acquisitions completed in the last twelve months. Acquired assets and assumed liabilities include, but are not limited to, fixed assets, licenses, intangible assets and professional liabilities. The valuations are based on appraisal reports, discounted cash flow analyses, actuarial analyses or other appropriate valuation techniques to determine the fair value of the assets acquired or liabilities assumed. A majority of the deferred income taxes recognized as a component of the Company's purchase price allocation is a result of the difference between the book and tax basis of the amortizable intangible assets recognized. The amount allocated to the deferred income tax liability is subject to change as a result of the final allocation of purchase price to amortizable intangibles. The Company expects to finalize the purchase price allocation for its most recent acquisitions as soon as practical.

During the year ended December 31, 2015, the Company incurred approximately $8.3 million of transaction costs associated with its acquisition of surgery centers and physician practices. During the year ended December 31, 2014, the Company incurred approximately $33.9 million of transaction costs primarily associated with the acquisition of Sheridan. Such costs excluded those amounts that were either capitalized or expensed as part of the financing transactions associated with acquisitions.

Revenues and net earnings included in the years ended December 31, 2015 and 2014 associated with completed acquisitions are as follows (in thousands):

	2015	2014	
	Individual Acquisitions	Individual Acquisitions	Sheridan
Net revenue	$ 179,113	$ 20,844	517,213
Net earnings	26,901	5,155	26,776
Less: Net earnings attributable to noncontrolling interests	7,448	2,859	459
Net earnings attributable to AmSurg Corp. common shareholders	$ 19,453	$ 2,296	$ 26,317

The unaudited consolidated pro forma results for the years ended December 31, 2015 and 2014, assuming all 2015 acquisitions had been consummated on January 1, 2014, all 2014 acquisitions had been consummated on January 1, 2013 are as follows (in thousands):

	2015	2014
Net revenue	$ 2,858,544	$ 2,680,273
Net earnings	401,950	322,653
Amounts attributable to AmSurg Corp. common shareholders:		
Net earnings	170,453	104,548
Net earnings per common share:		
Basic	$ 3.55	$ 2.21
Diluted	$ 3.48	$ 2.20

(5) Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates in which the Company exerts significant influence but does not control or otherwise consolidate are accounted for using the equity method. Equity method investments are initially recorded at cost, unless such investments are a result of the Company entering into a transaction whereby the Company loses control of a previously controlled entity but retains a noncontrolling interest. Such transactions, which result in the deconsolidation of a previously consolidated entity, are measured at fair value. The fair value measurement utilizes Level 3 inputs, which include unobservable data, to measure the fair value of the retained noncontrolling interest. The fair value determination are generally based on a combination of multiple valuation methods which can include discounted cash flow, income approach, or market value approach which incorporates estimates of future earnings and market valuation multiples for certain guideline companies. These investments are included as investments in unconsolidated affiliates in the accompanying consolidated balance sheets. The Company's share of the profits and losses from these investments is reported in equity in earnings of unconsolidated affiliates in the accompanying consolidated statements of earnings. The Company monitors its investments for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the companies and records reductions in carrying values when necessary.

As of December 31, 2015 and 2014, the Company has recorded in the accompanying consolidated balance sheets its investments in unconsolidated affiliates of $169.2 million and $75.5 million, respectively. The Company's net earnings from these investments during the years ended December 31, 2015, 2014 and 2013 were approximately $16.2 million, $7.0 million and $3.2 million, respectively.

During the year ended December 31, 2015, the Company's ambulatory services segment entered into five separate equity method investments. As a result of these investment transactions, the Company contributed its controlling interest in nine centers and received net cash of $8.5 million in exchange for noncontrolling interests in the new investments. Each of these investments is jointly owned by a health system and the Company. The newly formed investments (including the contributed centers) are controlled by the health systems. Also, as part of these transactions, the Company obtained a non-controlling interest in three additional centers and one surgical hospital which were contributed by the health systems.

During the year ended December 31, 2015, the Company's physician services segment contributed three contracts into an entity jointly owned by the Company and a health system.

During the year ended December 31, 2014, the Company's ambulatory services segment entered into four separate equity method investments. As a result of these investment transactions, the Company contributed its controlling interest in four of its centers and

received net cash of $1.2 million in exchange for noncontrolling interests in the new investments. Each of these investments is jointly owned by a health system and the Company. The newly formed investments (including the contributed centers) are controlled by the health systems. Also, as part of these transactions, the Company obtained a non-controlling interest in one additional centers which was contributed by a health system.

During the year ended December 31, 2013, the Company's ambulatory services segment entered into one equity method investment. As a result of this investment transaction, the Company contributed cash of $0.3 million and its controlling interest in one center in exchange for a noncontrolling interests in the new investment. This investment is jointly owned by a health system and the Company. The newly formed investment (including the contributed center) are controlled by the health system. Also, as part of this transaction, the Company obtained a non-controlling interest in one additional center which was contributed by the health system.

As a result of these transactions, for the years ended December 31, 2015 and 2014, the Company recorded the fair value of the Company's investment in these entities of approximately $83.1 million and $56.4 million, respectively, in the accompanying consolidated balance sheets, as a component of investments in unconsolidated affiliates.

In each of these transactions, the gain or loss on deconsolidation, which is primarily non-cash in nature, is determined based on the difference between the fair value of the Company’s interest, which is based on estimates of the expected future earnings, in the new entity and the carrying value of both the tangible and intangible assets of the contributed centers or contracts immediately prior to each transaction. In certain cases, the Company evaluated likely scenarios which were weighted by a range of expected probabilities of 10% to 50% which were primarily based on third party valuations received by the Company. Accordingly, the Company recognized a net gain on deconsolidations in the accompanying consolidated statements of earnings of approximately $36.7 million, $3.4 million, and $2.2 million during the years ended December 31, 2015, 2014 and 2013.

Included in the Company’s investments in unconsolidated affiliates are certain investments which the Company has determined meet the definition of a variable interest entity. The Company has a variable interest in these investments through its equity interests; however, the Company is not the primary beneficiary of these entities as it only holds 50% of the voting rights and does not have the power to direct the activities that most significantly impact the entities' economic performance as a result of the Company’s shared control. As a result, the Company has accounted for these investments under the equity method of accounting. The Company's investment in these entities was $89.6 million and $53.2 million as of December 31, 2015 and 2014, respectively, and are reflected in the accompanying consolidated balance sheets as a component of investments in unconsolidated affiliates. During the year ended December 31, 2015, the Company contributed four centers which were previously controlled into an entity deemed by the Company to meet the definition of a variable interest entity which resulted in the Company’s recording the fair value of its retained noncontrolling interest of approximately $27.1 million as a component of investments in unconsolidated affiliates in the accompanying consolidated balance sheets. During the year ended December 31, 2014, as part of the acquisition of Sheridan, the Company acquired an interest in an entity deemed to be a variable interest entity and recorded the estimated fair value of the investment of $49.4 million on the acquisition date. The Company’s ownership interest in these investments ranges from 49% to 51% and under the terms of the operating agreements, the Company earns billing and management fees and receives its share of earnings distributions from each entity. The Company has no other material obligations or guarantees related to these entities.

The Company has recorded its share of the earnings of these investments of $11.0 million and $3.4 million as a component of equity in earnings of unconsolidated affiliates in the accompanying consolidated statement of earnings during 2015 and 2014, respectively. In addition, the Company recognized management and billing fees totaling $14.3 million and $4.7 million during 2015 and 2014, respectively, which are included in net revenue in the accompanying consolidated statement of earnings. Additionally, the Company has recorded receivables from these entities in the amount of $2.3 million and $3.5 million as of December 31, 2015 and 2014, respectively. These receivables are included in other current assets in the accompanying consolidated balance sheets.

(6) Discontinued Operations

During the years ended December 31, 2014 and 2013, the Company discontinued the operations of certain centers in its ambulatory services segment due to management's assessment of the Company's strategy in the market and due to the limited growth opportunities at these centers. For centers discontinued in 2014 and prior, the results of operations of those centers have been classified as discontinued operations in all periods presented. As of January 1, 2015, the Company adopted ASU 2014-08 which raised the threshold for a disposal to qualify as a discontinued operation. As a result, the Company expects that any future disposals of its centers will no longer meet the definition to be accounted for as discontinued operations, and any gain or loss from such disposals will be included in continuing operations. The Company did not dispose of any centers during the year ended December 31, 2015, but continues to have operating activity associated with centers previously classified as discontinued operations.

Results of operations and associated gain (loss) on discontinued centers for the years ended December 31, 2015, 2014 and 2013 are as follows (in thousands):

	2015	2014	2013
Revenues	$ —	$ 9,545	$ 25,373
Earnings before income taxes	—	893	5,607
Results of discontinued operations, net of tax:			
Earnings (loss) from operations of discontinued interests in surgery centers	(1,013)	710	4,449
Gain (loss) on disposal of discontinued interests in surgery centers	—	(2,006)	2,602
Net earnings (loss) from discontinued operations	(1,013)	(1,296)	7,051
Less: Net earnings (loss) from discontinued operations attributable to noncontrolling interests	(12)	283	5,357
Net earnings (loss) from discontinued operations attributable to AmSurg Corp. common shareholders	$ (1,001)	$ (1,579)	$ 1,694

Cash proceeds from centers discontinued for the years ended December 31, 2014 and 2013 were $7.1 million and $3.6 million, respectively. There were no cash proceeds during 2015.

(7) Prepaid and Other Current Assets

The following table presents a summary of items comprising prepaid and other current assets in the accompanying consolidated balance sheets as of December 31, 2015 and 2014 (in thousands):

	2015	2014
Income taxes receivable	$ 7,908	$ 28,694
Prepaid expenses	18,900	18,682
Deferred compensation plan assets	16,623	17,320
Other	32,340	28,204
Total prepaid and other current assets	$ 75,771	$ 92,900

(8) Property and Equipment

Property and equipment are stated at cost. Equipment held under capital leases is stated at the present value of minimum lease payments at the inception of the related leases. Depreciation for buildings and improvements is recognized under the straight-line method over 20 to 40 years or, for leasehold improvements, over the remaining term of the lease plus renewal options for which failure to renew the lease imposes a penalty on the Company in such an amount that a renewal appears, at the inception of the lease, to be reasonably assured. The primary penalty to which the Company is subject is the economic detriment associated with existing leasehold improvements which might be impaired if a decision is made not to continue the use of the leased property. Depreciation for movable equipment is recognized over useful lives of three to ten years.

Property and equipment at December 31, 2015 and 2014 were as follows (in thousands):

	2015	2014
Building and improvements	$ 177,253	$ 170,420
Movable equipment	237,312	215,444
Construction in progress	8,676	11,940
	423,241	397,804
Less accumulated depreciation	(234,073)	(217,356)
Property and equipment, net	$ 189,168	$ 180,448

At December 31, 2015, the Company and its partnerships had unfunded construction and equipment purchases of approximately $18.3 million in order to complete construction in progress primarily associated with the construction of the Company's new physician services headquarters. Depreciation expense for continuing and discontinued operations for the years ended December 31, 2015, 2014 and 2013 was $35.4 million, $33.2 million and $29.8 million, respectively.

(9) Goodwill and Intangible Assets

The Company’s intangible assets include goodwill and other intangibles, which include the fair value of both the customer relationships with hospitals and trade names acquired in the Company's physician services segment. The Company's indefinite lived intangibles include goodwill and trade names. Goodwill represents the excess of purchase price over the fair value of net assets acquired. The Company evaluates indefinite lived intangible assets, including goodwill, for impairment at least on an annual basis and more frequently if certain indicators are encountered. Indefinite lived intangibles are to be tested at the reporting unit level, defined as an operating segment or one level below an operating segment (referred to as a component), with the fair value of the reporting unit being compared to its carrying amount. If the fair value of a reporting unit exceeds its carrying amount, the indefinite lived intangibles associated with the reporting unit is not considered to be impaired. The Company completed its annual impairment test as of October 1, 2015, and determined that its indefinite lived intangibles were not impaired. The Company's finite-lived intangibles includes its customer relationship with hospitals. The Company tests its finite-lived intangibles for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The Company's policy is to recognize an impairment charge when the carrying amount is not recoverable and such amount exceeds fair value. During the year ended December 31, 2015, there were no events or circumstances that indicated a potential impairment in the Company's finite-lived intangibles.

The changes in the carrying amount of goodwill for the years ended December 31, 2015 and 2014 are as follows (in thousands):

	2015	2014
Balance, beginning of year	$ 3,381,149	$ 1,758,970
Goodwill acquired, including post acquisition adjustments	674,476	1,636,521
Goodwill disposed, including impact of deconsolidation transactions	(85,415)	(14,342)
Balance, end of year	$ 3,970,210	$ 3,381,149

As of December 31, 2015, the ambulatory services segment and the physician services segment each had approximately $2.0 billion of goodwill compared to $1.9 billion for ambulatory services and $1.5 billion for physician services, respectively, at December 31, 2014. During the year ended December 31, 2015, goodwill increased $123.4 million for the ambulatory services segment primarily due to the acquisition of seven centers, net of nine deconsolidations. During the year ended December 31, 2015, goodwill increased by $465.7 million for the physician services segment primarily due to the acquisition of nine physician practices, net of three deconsolidations. For the years ended December 31, 2015 and 2014 approximately $295.7 million and $64.5 million, respectively, of goodwill recorded was deductible for tax purposes.

Intangible assets consist primarily of customer relationships with hospitals, deferred financing costs, capitalized software and certain amortizable and non-amortizable non-compete and customer agreements. Customer relationships with hospitals are initially recorded at their estimated fair value and amortized on a straight-line basis over 20 years. Deferred financing costs and amortizable non-compete agreements and customer agreements are amortized over the term of the related debt as interest expense and the contractual term or estimated life (five to ten years) of the agreements as amortization expense. Capitalized software is amortized over estimated useful lives of three to eight years.

Intangible assets at December 31, 2015 and 2014 consisted of the following (in thousands):

	2015			2014		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortizable intangible assets:						
Customer relationships with hospitals	$ 1,379,977	$ (74,490)	$ 1,305,487	$ 971,645	$ (22,145)	$ 949,500
Deferred financing costs	60,664	(13,490)	47,174	59,574	(5,151)	54,423
Capitalized software	71,462	(28,125)	43,337	50,387	(19,197)	31,190
Agreements, contracts and other	11,267	(2,449)	8,818	3,523	(2,752)	771
Total amortizable intangible assets	1,523,370	(118,554)	1,404,816	1,085,129	(49,245)	1,035,884
Non-amortizable intangible assets:						
Trade name	228,000	—	228,000	228,000	—	228,000
Restrictive covenant arrangements	8,995	—	8,995	9,995	—	9,995
Total non-amortizable intangible assets	236,995	—	236,995	237,995	—	237,995
Total intangible assets	$ 1,760,365	$ (118,554)	$ 1,641,811	$ 1,323,124	$ (49,245)	$ 1,273,879

Amortization of intangible assets for the years ended December 31, 2015, 2014 and 2013 was $70.5 million, $32.5 million and $2.2 million, respectively. Included in the 2014 amount above is also $12.8 million that was charged to interest expenses related to a write-off of a commitment fee for bridge financing, which the Company had secured in order to complete the acquisition of Sheridan but did not require upon obtaining permanent financing. Estimated amortization of intangible assets for the five years and thereafter subsequent to December 31, 2015 is $90.3 million, $89.1 million, $87.8 million, $84.8 million, $81.6 million and $971.2 million, respectively. The Company expects to recognize amortization of all intangible assets over a weighted average period of 17.8 years with no expected residual values.

(10) Other Accrued Liabilities

The following table presents a summary of items comprising other accrued liabilities in the accompanying consolidated balance sheets as of December 31, 2015 and 2014 (in thousands):

	2015	2014
Accrued professional liabilities	$ 14,362	$ 11,983
Contingent purchase price payable	5,509	12,213
Current income taxes payable	7,892	—
Refunds payable	48,415	17,752
Other	43,059	26,038
Total other accrued liabilities	$ 119,237	$ 67,986

(11) Accrued Professional Liabilities

The Company maintains professional liability insurance policies with third-party insurers generally on a claims-made basis, subject to self-insured retention, exclusions and other restrictions. A substantial portion of the professional liability loss risks are being provided by a third-party insurer which is fully reinsured by the Company's wholly-owned captive insurance subsidiary. The Company records an estimate of liabilities for self-insured amounts and claims incurred but not reported based on an actuarial valuation using historical loss patterns, which are not discounted.

At December 31, 2015, the Company's accrued professional liabilities are presented in the accompanying consolidated balance sheets as a component of other accrued liabilities and other long-term liabilities as follows (in thousands):

	2015	2014
Estimated losses under self-insured programs	$ 30,748	$ 25,337
Incurred but not reported losses	36,166	28,448
Total accrued professional liabilities	66,914	53,785
Less estimated losses payable within one year	14,362	11,983
Total	$ 52,552	$ 41,802

The changes to the Company's estimated losses under self-insured programs as of December 31, 2015 and 2014 were as follows (in thousands):

	2015	2014
Balance, beginning of year	$ 53,785	$ 1,171
Assumed liabilities through acquisitions	13,317	53,512
Provision related to current period reserves	15,943	5,423
Payments for current period reserves	(4,475)	(1,595)
Benefit related to changes in prior period reserves	(425)	(661)
Payments for prior period reserves	(8,863)	(6,055)
Other, net	(2,368)	1,990
Balance, end of year	$ 66,914	$ 53,785

(12) Long-term Debt

Long-term debt at December 31, 2015 and 2014 consisted of the following (in thousands):

	2015	2014
Revolving credit agreement	$ 175,000	$ —
Term Loan	856,950	865,650
Senior Unsecured Notes due 2020 (5.625%)	250,000	250,000
Senior Unsecured Notes due 2022 (5.625%)	1,100,000	1,100,000
Other debt at an average interest rate of 3.4%, due through 2022	24,944	20,156
Capitalized lease arrangements at an average interest rate of 5.4%, due through 2021	18,613	15,206
	2,425,507	2,251,012
Less current portion	20,377	18,826
Long-term debt	$ 2,405,130	$ 2,232,186

Principal payments required on the Company's long-term debt and capital leases in the five years and thereafter subsequent to December 31, 2015 are $20.4 million, $18.0 million, $14.8 million, $187.0 million, $261.0 million, and $1.9 billion. The fair value of the Company's fixed rate long-term debt and variable rate long-term debt approximated its carrying values of $1.4 billion and $1.0 billion at December 31, 2015, respectively. With the exception of the Company's 2020 and 2022 Senior Unsecured Notes, the fair value of fixed rate debt (Level 2) is determined based on an estimation of discounted future cash flows of the debt at rates currently quoted or offered to the Company for similar debt instruments of comparable maturities by its lenders. The fair value of the Company's 2020 and 2022 Senior Unsecured Notes (Level 1) is determined based on quoted prices in an active market.

a. Term Loan and Credit Facility

On July 16, 2014, the Company entered into a credit facility that is comprised of an $870.0 million term loan and a $300.0 million revolving credit facility. On October 21, 2015, the Company exercised the accordion feature of its revolving credit facility and increased the Company's borrowing capacity by $200.0 million to $500.0 million. As of December 31, 2015, the Company had available $325.0 million under the revolving credit facility.

The term loan matures on July 16, 2021 and bears interest at a rate equal to, at the Company's option, the alternative base rate as defined in the agreement (ABR) plus 1.75% to 2.00% or LIBOR plus 2.75% to 3.00%, with a LIBOR floor of 0.75%, or a combination thereof (3.75% on December 31, 2015). The term loan requires quarterly principal payments of 0.25% of the face amount totaling $8.7 million annually.

The revolving credit facility matures on July 16, 2019 and permits the Company to borrow at an interest rate equal to, at the Company's option, the ABR plus 1.75% to 2.00% or LIBOR plus 2.75% to 3.00%, or a combination thereof; and provides for a fee of 0.375% of unused commitments. The Company has the option to increase borrowings under the senior secured credit facility by an unlimited amount as long as certain financial covenants are met and lender approval is obtained. The senior credit facility contains certain covenants relating to the ratio of debt to operating performance measurements and interest coverage ratios and is secured by a pledge of the stock of the Company's wholly-owned subsidiaries and certain of the Company's less than wholly-owned subsidiaries. As of December 31, 2015, the Company was in compliance with the covenants contained in the term loan and credit facility.

Prior to entering into the Company's credit facility, the Company maintained a revolving credit facility which had a maturity of June 2018. On July 3, 2014, the Company utilized proceeds received from its common and preferred stock offerings to repay its outstanding obligation under the existing revolving credit facility. As a result of the early termination, the Company recognized approximately $4.5 million as debt extinguishment costs in the accompanying statements of earnings during the year ended December 31, 2014 related to the write-off of net deferred loan costs.

b. Senior Unsecured Notes

2020 Senior Unsecured Notes

On November 20, 2012, the Company completed a private offering of $250.0 million aggregate principal amount of 5.625% senior unsecured notes due 2020 (2020 Senior Unsecured Notes). On May 31, 2013, the Company completed an offer to exchange the outstanding 2020 Senior Unsecured Notes for an equal amount of such notes that are registered under the Securities Act of 1933, as amended (Securities Act). The net proceeds from the issuance of the 2020 Senior Unsecured Notes were used to reduce the outstanding indebtedness under the Company's revolving credit agreement. The 2020 Senior Unsecured Notes are unsecured obligations of the Company and are guaranteed by its existing and subsequently acquired or organized wholly-owned domestic subsidiaries. The 2020 Senior Unsecured Notes are *pari passu* in right of payment with all the existing and future senior debt of the Company and senior to all existing and future subordinated debt of the Company. Interest on the 2020 Senior Unsecured Notes accrues at the rate of 5.625% per annum and is payable semi-annually in arrears on May 30 and November 30, through the maturity date of November 30, 2020.

The Company may redeem the 2020 Senior Unsecured Notes in whole or in part. The redemption price for such a redemption (expressed as percentages of principal amount) is set forth below, plus accrued and unpaid interest and liquidated damages, if any, if redeemed during the twelve-month period beginning on November 30 of the years indicated below:

Period	Redemption Price
2015	104.219%
2016	102.813%
2017	101.406%
2018 and thereafter	100.000%

The 2020 Senior Unsecured Notes contain certain covenants which, among other things, limit, but may not restrict the Company's ability to enter into or guarantee additional borrowings, sell preferred stock, pay dividends and repurchase stock. The Company was in compliance with the covenants contained in the indenture relating to the 2020 Senior Unsecured Notes at December 31, 2015.

2022 Senior Unsecured Notes

On July 16, 2014, the Company completed a private offering of $1.1 billion aggregate principal amount of 5.625% senior unsecured notes due 2022 (2022 Senior Unsecured Notes). On February 19, 2015, the Company completed an offer to exchange the outstanding 2022 Senior Unsecured Notes, for an equal amount of such notes that are registered under the Securities Act. The 2022 Senior Unsecured Notes are unsecured obligations of the Company and are guaranteed by the Company and existing and subsequently acquired or organized wholly-owned domestic subsidiaries. The 2022 Senior Unsecured Notes are *pari passu* in right of payment with all the existing and future senior debt of the Company and senior to all existing and future subordinated debt of the Company. Interest on the 2022 Senior Unsecured Notes accrues at the rate of 5.625% per annum and is payable semi-annually in arrears on January 15 and July 15, beginning on January 15, 2015, and ending on the maturity date of July 15, 2022.

Prior to July 15, 2017, the Company may redeem up to 35% of the aggregate principal amount of the 2022 Senior Unsecured Notes at a redemption price of 105.625% of the principal amount thereof, plus accrued and unpaid interest and liquidated damages, if any, using proceeds of one or more equity offerings. On or after July 15, 2017, the Company may redeem the 2022 Senior Unsecured Notes in whole or in part. The redemption price for such a redemption (expressed as percentages of principal amount) is set forth below, plus accrued and unpaid interest and liquidated damages, if any, if redeemed during the twelve-month period beginning on July 15 of the years indicated below:

Period	Redemption Price
2017	104.219%
2018	102.813%
2019	101.406%
2020 and thereafter	100.000%

The 2022 Senior Unsecured Notes contain certain covenants which, among other things, limit, but may not restrict the Company's ability to enter into or guarantee additional borrowings, sell preferred stock, pay dividends and repurchase stock. Based on the terms of the 2022 Notes, the Company has adequate ability to meet its obligations to pay dividends as required under the terms of its mandatory preferred stock. The Company was in compliance with the covenants contained in the indenture relating to the 2022 Senior Unsecured Notes at December 31, 2015.

c. Senior Secured Notes

During 2010, the Company issued $75.0 million principal amount of senior secured notes due 2020 (Senior Secured Notes) pursuant to a note purchase agreement. The Senior Secured Notes had a maturity date of May 28, 2020. On July 16, 2014, the Company redeemed the Senior Secured Notes utilizing proceeds received from its common and preferred stock offerings. As a result of the early extinguishment, the Company paid an early termination fee of approximately $12.4 million to the holders of the Senior Secured Notes, which is recognized as a component of debt extinguishment costs during the year ended December 31, 2014 in the accompanying statements of earnings.

d. Other debt

Certain partnerships included in the Company's consolidated financial statements have loans with local lending institutions, included above in other debt, which are collateralized by certain assets of the surgery centers with a book value of approximately $41.7 million. The Company and the partners have guaranteed payment of the loans in proportion to the relative partnership interests.

(13) Other Long-term Liabilities

The following table presents a summary of items comprising other long-term liabilities in the accompanying consolidated balance sheets as of December 31, 2015 and 2014 (in thousands):

	2015	2014
Accrued professional liabilities	$ 52,552	$ 41,802
Contingent purchase price payable	—	8,470
Deferred rent	18,958	16,814
Tax-effected unrecognized benefits	3,426	8,353
Other	21,247	14,004
Other long-term liabilities	$ 96,183	$ 89,443

(14) Income Taxes

The Company files a consolidated federal income tax return. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company applies recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return as it relates to accounting for uncertainty in income taxes. In addition, it is the Company's policy to recognize interest accrued and penalties, if any, related to unrecognized benefits as income tax expense in its statement of earnings. The Company does not expect significant changes to its tax positions or liability for tax uncertainties during the next 12 months.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations for years prior to 2012.

Total income taxes expense (benefit) for the years ended December 31, 2015, 2014 and 2013 was included within the following sections of the consolidated financial statements as follows (in thousands):

	2015	2014	2013
Earnings from continuing operations	$ 113,790	$ 48,103	$ 48,654
Discontinued operations	(694)	(643)	9
Shareholders' equity	(2,227)	(3,177)	(7,381)
Total	$ 110,869	$ 44,283	$ 41,282

Income tax expense from continuing operations for the years ended December 31, 2015, 2014 and 2013 was comprised of the following (in thousands):

	2015	2014	2013
Current:			
Federal	$ 83,228	$ 8,640	$ 7,895
State	14,268	4,396	3,598
Deferred:			
Federal	11,715	27,505	31,509
State	4,579	7,562	5,652
Income tax expense	$ 113,790	$ 48,103	$ 48,654

Income tax expense from continuing operations for the years ended December 31, 2015, 2014 and 2013 differed from the amount computed by applying the U.S. federal income tax rate of 35% to earnings before income taxes as a result of the following (in thousands):

	2015	2014	2013
Statutory federal income tax	$ 173,572	$ 102,967	$ 106,101
Less federal income tax assumed directly by noncontrolling interests	(76,364)	(66,783)	(64,219)
State income taxes, net of federal income tax benefit	11,604	6,616	5,539
Increase in valuation allowances	317	4,662	924
Interest related to unrecognized tax benefits	(548)	(161)	(155)
Other	5,209	802	464
Income tax expense	$ 113,790	$ 48,103	$ 48,654

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. Decreases in interest and penalty obligations of $0.2 million, $0.1 million and $0.2 million were recognized in the consolidated statement of earnings for the years ended December 31, 2015, 2014 and 2013, respectively, resulting in a total recognition of interest and penalty obligations of approximately $0.8 million and $1.2 million in the consolidated balance sheet at December 31, 2015 and 2014, respectively.

The Company primarily has unrecognized tax benefits that represent an amortization deduction which is temporary in nature. A reconciliation of the beginning and ending amount of the liability associated with unrecognized tax benefits for the years ended December 31, 2015, 2014 and 2013 is as follows (in thousands):

	2015	2014	2013
Balance at beginning of year	$ 7,336	$ 6,330	$ 9,235
Additions for tax positions of current year	—	204	46
Increases (decreases) for tax positions taken during a prior period	(1,006)	1,069	—
Lapse of statute of limitations	(3,178)	(267)	(2,951)
Balance at end of year	$ 3,152	$ 7,336	$ 6,330

The Company believes that the total amount of increases in unrecognized tax benefits within the next 12 months is not considered significant. The total amount of unrecognized tax benefits that would affect the Company's effective tax rate if recognized is approximately $0.1 million.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2015 and 2014 were as follows (in thousands):

	2015	2014
Deferred tax assets:		
Allowance for uncollectible accounts	$ 3,276	$ 1,096
Accrued assets and other	36,600	27,537
Share-based compensation	10,710	7,719
Interest on unrecognized tax benefits	113	245
Accrued liabilities and other	4,080	3,931
Medical malpractice	19,035	16,240
Operating and capital loss carryforwards	29,718	22,709
Valuation allowances	(21,814)	(17,457)
Total deferred tax assets	81,718	62,020
Deferred tax liabilities:		
Prepaid expenses	1,789	2,435
Property and equipment, principally due to differences in depreciation	16,787	15,235
Goodwill, intangible assets and other, principally due to differences in amortization	762,640	655,358
Total deferred tax liabilities	781,216	673,028
Net deferred tax liabilities	$ 699,498	$ 611,008

The Company has provided valuation allowances on its gross deferred tax assets to the extent that management does not believe that it is more likely than not that such asset will be realized. Capital loss carryforwards began to expire in 2014, and state net operating losses began to expire in 2015.

(15) Shareholders' Equity

a. Common Stock

During December 2015, the Company issued 5,835,000 shares of its common stock in a public offering, at $80.00 per share, prior to underwriting discounts, commissions and other related offering expenses of approximately $19.1 million. Proceeds were used to repay a portion of the Company's revolving credit facility, to fund a portion of the acquisitions completed during the year ended 2015 and for general corporate purposes.

On July 2, 2014, the Company issued 9,775,000 shares of its common stock in a public offering, at $45.00 per share, prior to underwriting discounts, commissions and other related offering expenses of approximately $18.5 million. Proceeds from the issuance were used to satisfy certain debt obligations with the remaining amount utilized to fund a portion of the Sheridan acquisition. In addition, on July 16, 2014, the Company issued 5,713,909 shares of its common stock directly to the former owners of Sheridan as

part of the total consideration for the Sheridan acquisition. The Company registered these shares with the SEC in October of 2014. The former owners of Sheridan subsequently sold their shares in November of 2014.

During 2013, under a board authorized stock repurchase program, the Company purchased 1,154,378 shares of the Company's common stock for approximately $42.7 million, at an average price of $36.93 per share, in order to mitigate the dilutive effect of shares issued upon the exercise of stock options pursuant to the Company's stock incentive plans. The stock repurchase program expired during 2014.

In addition, the Company repurchases shares by withholding a portion of employee restricted stock that vested to cover payroll withholding taxes in accordance with the restricted stock agreements. During 2015 and 2014, the Company repurchased 67,000 shares and 100,720 shares, respectively, of common stock for approximately $3.7 million and $4.6 million, respectively.

b. Preferred Stock

On July 2, 2014, the Company issued 1,725,000 shares of its mandatory convertible preferred stock in a public offering, at $100.00 per share, prior to underwriting discounts, commissions and other related offering expenses of approximately $5.9 million.

The mandatory convertible preferred stock pays dividends at an annual rate of 5.25% of the initial liquidation preference of $100 per share. Dividends accrue and cumulate from the date of issuance and, to the extent lawful and declared by the Company's Board of Directors, will be paid on each January 1, April 1, July 1 and October 1 in cash or, at the Company's election (subject to certain limitations), by delivery of any combination of cash and shares of common stock. Each share of the mandatory convertible preferred stock has a liquidation preference of $100, plus an amount equal to accrued and unpaid dividends. Each share of the mandatory convertible preferred stock will automatically convert on July 1, 2017 (subject to postponement in certain cases), into between 1.8141 and 2.2222 shares of common stock (the “minimum conversion rate” and “maximum conversion rate,” respectively), each subject to adjustment. The number of shares of common stock issuable on conversion will be determined based on the average volume weighted average price per share of the Company's common stock over the 20 consecutive trading day period commencing on and including the 22nd scheduled trading day prior to July 1, 2017. At any time prior to July 1, 2017, holders may elect to convert all or a portion of their shares of mandatory convertible preferred stock into shares of common stock at the minimum conversion rate. If any holder elects to convert shares of mandatory convertible preferred stock during a specified period beginning on the effective date of a fundamental change the conversion rate will be adjusted under certain circumstances and such holder will also be entitled to a fundamental change dividend make-whole amount.

During the year ended December 31, 2015, the Company's Board of Directors declared four dividends each totaling $1.3125 per share in cash, or $2.3 million, for the Company's mandatory convertible preferred stock. All dividends declared during 2015 have been paid except those dividends declared on November 19, 2015, which were funded to the paying agent to be paid on January 1, 2016 to the shareholders of record as of December 15, 2015.

On August 29, 2014, the Company's Board of Directors declared its first dividend of $1.2979 per share in cash, or $2.2 million and on November 25, 2014, the Company's Board of Directors declared a dividend for $1.3125 per share, or $2.3 million for the Company's mandatory convertible preferred stock.

c. Stock Incentive Plans

Transactions in which the Company receives employee and non-employee services in exchange for the Company’s equity instruments or liabilities that are based on the fair value of the Company’s equity securities or may be settled by the issuance of these securities are accounted using a fair value method. The Company applies the Black-Scholes method of valuation in determining share-based compensation expense for option awards.

Benefits of tax deductions in excess of recognized compensation cost are reported as a financing cash flow, thus reducing the Company’s net operating cash flows and increasing its financing cash flows by $4.0 million, $3.2 million and $7.2 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company examines its concentrations of holdings, its historical patterns of award exercises and forfeitures as well as forward-looking factors, in an effort to determine if there were any discernible employee populations. From this analysis, the Company has identified three employee populations, consisting of senior executives, officers and all other recipients. The expected volatility rate applied was estimated based on historical volatility. The expected term assumption applied is based on contractual terms, historical exercise and cancellation patterns and forward-looking factors where present for each population identified. The risk-free interest rate used is based on the U.S. Treasury yield curve in effect at the time of the grant. The pre-vesting forfeiture rate is based on historical rates and forward-looking factors for each population identified. The Company will adjust the estimated forfeiture rate to its actual

experience. The Company intends to retain its earnings to finance growth and development of the business and does not expect to declare or pay any cash dividends in the foreseeable future except as required in accordance with the terms of the Company's mandatory convertible preferred stock.

In May 2014, the Company adopted the AmSurg Corp. 2014 Equity and Incentive Plan. The Company also has unvested restricted stock and fully vested options outstanding under the AmSurg Corp. 2006 Stock Incentive Plan, as amended, and the AmSurg Corp. 1997 Stock Incentive Plan, as amended, under which no additional awards may be granted. Under these plans, the Company has granted restricted stock and non-qualified options to purchase shares of common stock to employees and outside directors from its authorized but unissued common stock. At December 31, 2015, 1,200,000 shares were authorized for grant under the 2014 Equity and Incentive Plan and 900,039 shares were available for future equity grants. Restricted stock granted to outside directors vests on the first anniversary of the date of grant. Restricted stock granted to employees vests over four years in three equal installments beginning on the second anniversary of the date of grant. The fair value of restricted stock is determined based on the closing bid price of the Company’s common stock on the grant date. Under Company policy, shares held by outside directors and senior management are subject to certain holding requirements and restrictions.

The Company has not issued options subsequent to 2008, and all outstanding options are fully vested. Options were granted at market value on the date of the grant and vested over four years. Outstanding options have a term of ten years from the date of grant.

Other information pertaining to share-based activity for the years ended December 31, 2015, 2014 and 2013 was as follows (in thousands):

	2015	2014	2013
Share-based compensation expense	$ 15,009	$ 10,104	$ 8,321
Fair value of shares vested	13,220	15,126	11,742
Cash received from option exercises	2,584	2,630	33,349
Tax benefit from option exercises	4,001	3,177	7,247

As of December 31, 2015, the Company had total unrecognized compensation cost of approximately $16.6 million related to non-vested awards, which the Company expects to recognize through 2019 and over a weighted average period of 1.1 years. During the years ended December 31, 2015, 2014 and 2013, there were no options that were anti-dilutive.

A summary of the status of and changes for non-vested restricted shares for the three years ended December 31, 2015, is as follows:

	Number of Shares	Weighted Average Grant Price
Non-vested shares at January 1, 2013	828,686	$ 22.50
Shares granted	291,863	31.66
Shares vested	(360,337)	21.55
Shares forfeited	(16,343)	23.11
Non-vested shares at December 31, 2013	743,869	$ 26.54
Shares granted	272,780	43.12
Shares vested	(336,160)	25.69
Shares forfeited	(12,380)	38.94
Non-vested shares at December 31, 2014	668,109	$ 33.51
Shares granted	313,498	56.19
Shares vested	(233,831)	28.19
Shares forfeited	(13,675)	42.15
Non-vested shares at December 31, 2015	734,101	$ 44.73

In addition to the non-vested restricted shares, during the year ended December 31, 2015, the Company granted 68,533 performance-based restricted stock units (RSUs) to certain of its officers and physician employees. The fair value of the Company's common stock on the grant date of these RSUs was $55.40. The RSUs will vest ratably over a three year period from the grant date. The conversion of the RSUs to restricted stock is contingent on the Company’s achievement of a specified one-year financial performance goal for the year ended December 31, 2015 and, if achieved, would occur during the first quarter of 2016. If the financial performance goal is not achieved, the RSUs will be forfeited. The number of RSUs that will ultimately be received by the holders range from 0% to 150% of the units granted, depending on the Company’s level of achievement with respect to the financial performance goal. At December 31, 2015, the financial performance goal was achieved at a level that will result in the conversion of the RSUs to restricted stock at 150%.

A summary of stock option activity for the three years ended December 31, 2015 is summarized as follows:

	Number of Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding at January 1, 2013	1,662,830	$	23.82	2.9
Options exercised with total intrinsic value of $33.3 million	(1,392,366)		23.95	
Outstanding at December 31, 2013	270,464	$	23.16	2.5
Options exercised with total intrinsic value of $2.6 million	(111,743)		23.53	
Outstanding at December 31, 2014	158,721	$	22.89	1.7
Options exercised with total intrinsic value of $4.9 million	(113,220)		22.81	
Options terminated	(11,750)		23.42	
Outstanding, Vested and Exercisable at December 31, 2015 with an aggregate intrinsic value of $1.8 million	33,751	$	22.98	1.1

The aggregate intrinsic value represents the total pre-tax intrinsic value received by the option holders on the exercise date or that would have been received by the option holders had all holders of in-the-money outstanding options at December 31, 2015 exercised their options at the Company's closing stock price on December 31, 2015.

d. Earnings per Share

Basic net earnings attributable to AmSurg Corp. common stockholders, per common share, excludes dilution and is computed by dividing net earnings attributable to AmSurg Corp. common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net earnings attributable to AmSurg common stockholders, per common share is computed by dividing net earnings attributable to AmSurg Corp. common stockholders by the weighted-average number of common shares outstanding during the period plus any potential dilutive common share equivalents, including shares issuable (1) upon the vesting of restricted stock awards as determined under the treasury stock method and (2) upon conversion of the Company's mandatory convertible preferred stock as determined under the if-converted method. For purposes of calculating diluted earnings per share, preferred stock dividends have been subtracted from both net earnings from continuing operations attributable to AmSurg Corp. and net earnings attributable to AmSurg Corp. common shareholders in periods in which utilizing the if-converted method would be anti-dilutive.

The following is a reconciliation of the numerator and denominators of basic and diluted earnings per share (in thousands, except per share amounts):

	Earnings (Numerator)	Shares (Denominator)	Per Share Amount
For the year ended December 31, 2015:			
Net earnings from continuing operations attributable to AmSurg Corp. common shareholders (basic)	$ 154,892	48,058	$ 3.22
Preferred stock dividends	9,056	—	
Effect of dilutive securities, options and non-vested shares	—	3,554	
Net earnings from continuing operations attributable to AmSurg Corp. common shareholders (diluted)	$ 163,948	51,612	$ 3.18
For the year ended December 31, 2014:			
Net earnings from continuing operations attributable to AmSurg Corp. common shareholders (basic)	$ 50,777	39,311	$ 1.29
Effect of dilutive securities, options and non-vested shares	—	314	
Net earnings from continuing operations attributable to AmSurg Corp. common shareholders (diluted)	$ 50,777	39,625	$ 1.28
For the year ended December 31, 2013:			
Net earnings from continuing operations attributable to AmSurg Corp. common shareholders (basic)	$ 71,009	31,338	$ 2.27
Effect of dilutive securities, options and non-vested shares	—	616	
Net earnings from continuing operations attributable to AmSurg Corp. common shareholders (diluted)	$ 71,009	31,954	$ 2.22

(16) Leases

The Company has entered into various building and equipment capital and operating leases in operation and under development and for office space, expiring at various dates through 2037. Future minimum lease payments, including payments during expected renewal option periods, at December 31, 2015 were as follows (in thousands):

Year Ended December 31,	Capital Leases	Operating Leases
2016	$ 3,021	$ 55,636
2017	2,776	55,857
2018	2,502	53,515
2019	2,068	52,034
2020	1,866	50,378
Thereafter	12,991	331,746
Total minimum rentals	25,224	$ 599,166
Less amounts representing interest at rates ranging from 1.7% to 13.4%	6,611	
Capital lease obligations	$ 18,613	

At December 31, 2015, buildings and equipment with a cost of approximately $23.4 million and accumulated depreciation of approximately $5.6 million were held under capital leases. The Company and the partners in the partnerships have guaranteed payment of certain of these leases. Rental expense for operating leases for the years ended December 31, 2015, 2014 and 2013 was approximately $74.6 million, $66.1 million and $52.6 million, respectively.

(17) Related Party Transactions

Certain surgery centers lease space from entities affiliated with their physician partners at negotiated rates that management believes were equal to fair market value at the inception of the leases based on relevant market data. Certain surgery centers reimburse their physician partners for salaries and benefits and billing fees related to time spent by employees of their practices on activities of the centers at current market rates. In addition, certain centers compensate at market rates their physician partners for physician advisory services provided to the surgery centers, including medical director and performance improvement services.

Excluding transactions with investments in unconsolidated affiliates disclosed in Note 5, related party payments for the years ended December 31, 2015, 2014 and 2013 were as follows (in thousands):

	2015	2014	2013
Operating leases	$ 27,622	$ 27,559	$ 29,240
Salaries and benefits	62,590	66,763	72,892
Billing fees	10,873	9,899	11,591
Medical advisory services	2,635	2,811	2,993

The Company also reimburses their physician partners for operating expenses paid by the physician partners to third party providers on the behalf of the surgery center. The Company believes that the foregoing transactions are reasonably expected to benefit the Company and that the amount of reimbursed expenses included in other operating expenses in the accompanying consolidated statements of earnings for each of the years ended December 31, 2015, 2014 and 2013 were not significant.

It is the Company's policy that all transactions by the Company with officers, directors, five percent shareholders and their affiliates be entered into only if such transactions are on terms no less favorable to the Company than could be obtained from unaffiliated third parties, are reasonably expected to benefit the Company and are approved by the Nominating and Corporate Governance Committee of the Company's Board of Directors.

(18) Employee Benefit Programs

The Company maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code. These plans are defined contribution plans covering substantially all employees of the Company and provide for voluntary contributions by employees, subject to certain limits. Company contributions are primarily based on specified percentages of employee compensation. In some instances, the plan may allow for elective or required Company contributions subject to the limits defined by each plan. The Company funds contributions as accrued. The Company's contributions for the years ended December 31, 2015, 2014 and 2013 were approximately $14.1 million, $1.6 million and $1.1 million, respectively, and vest immediately or incrementally over a period of four to five years, depending on the plan and the tenures of the respective employees for which the contributions were made. During 2014, the Company recorded expenses of approximately $5.6 million related to Sheridan which represented the period July 16, 2014 through December 31, 2014.

The Company maintains the Supplemental Executive and Director Retirement Savings Plan. This plan is a defined contribution plan covering all officers of the Company and provides for voluntary contributions of up to 50% of employee annual compensation. Company contributions are at the discretion of the Compensation Committee of the Board of Directors and vest incrementally over five years. The employee and employer contributions are placed in a Rabbi Trust and recorded in the accompanying consolidated balance sheets in prepaid and other current assets. Employer contributions to this plan for the years ended December 31, 2015, 2014 and 2013 were approximately $5.2 million, $0.8 million and $2.3 million, respectively. As of December 31, 2015 and 2014, the cash surrender value of the supplemental executive and director retirement savings plan investments, which are included in prepaid and other current assets in the accompanying consolidated balance sheets, was $16.6 million and $17.3 million, respectively.

(19) Commitments and Contingencies

Litigation

From time to time the Company is named as a party to legal claims and proceedings in the ordinary course of business. The Company's management is not aware of any claims or proceedings that are expected to have a material adverse impact on the Company's consolidated financial condition, results of operations or cash flows.

Insurance Programs

Given the nature of the services provided, the Company and its subsidiaries are subject to professional and general liability claims and related lawsuits in the ordinary course of business. The Company maintains professional insurance with third-party insurers generally on a claims-made basis, subject to self-insured retentions, exclusions and other restrictions. A substantial portion of the professional liability loss risks are being provided by a third-party insurer which is fully reinsured by the Company's wholly-owned captive insurance subsidiary. In addition, the captive provides stop loss coverage for the Company's self-insured employee health program. The assets, liabilities and results of operations of the wholly-owned captive are consolidated in the accompanying consolidated financial statements. The liabilities for self-insurance in the accompanying consolidated balance sheets include estimates of the ultimate costs related to both reported claims on an individual and aggregate basis and unreported claims. The Company also obtains professional liability insurance on a claims-made basis from third party insurers for its surgery centers and certain of its owned practices and employed physicians.

The Company's reserves for professional liability claims within the self-insured retention are based upon periodic actuarial calculations. These actuarial estimates consider historical claims frequency and severity, loss development patterns and other actuarial assumptions and are not discounted to present value.

The Company also maintains insurance for director and officer liability, workers' compensation liability and property damage. Certain policies are subject to deductibles. In addition to the insurance coverage provided, the Company indemnifies its officers and directors for actions taken on behalf of the Company and its subsidiaries.

Redeemable Noncontrolling Interests

Certain of the Company's wholly-owned subsidiaries are responsible for all debts incurred but unpaid by the Company's less than wholly-owned partnerships as these subsidiaries are the general partner. As manager of the operations of these partnerships, the Company has the ability to limit potential liabilities by curtailing operations or taking other operating actions. In the event of a change in current law that would prohibit the physicians' current form of ownership in the partnerships, the Company would be obligated to purchase the physicians' interests in a substantial majority of the Company's partnerships. The purchase price to be paid in such event would be determined by a predefined formula, as specified in the partnership agreements. The Company believes the likelihood of a change in current law that would trigger such purchases was remote as of December 31, 2015. As a result, the noncontrolling interests that are subject to this redemption feature are not included as part of the Company's equity and are classified as noncontrolling interests – redeemable on the Company's consolidated balance sheets.

Physician Services Headquarters Operating Lease

On January 16, 2015, the Company entered into an agreement to lease approximately 222,000 square feet of office space in Plantation, Florida which it intends to be the future headquarters of its physician services operations. The Company took possession of the space in the fourth quarter of 2015 and began tenant improvements on approximately 167,000 square feet of space, which it intends to occupy during the third quarter of 2016. In addition, the Company plans to begin tenant improvements on an additional 55,000 square feet of space during the third quarter of 2016, which it intends to occupy during the fourth quarter of 2016. Annual rent expense is expected to be approximately $2.9 million. The initial term of this lease agreement expires in February 2029.

(20) Segment Reporting

Prior to the Sheridan acquisition, the Company operated its centers as individual components of one operating and reportable segment. Upon completion of the Sheridan acquisition, the Company operates in two major lines of business - the operation of ambulatory surgery centers and providing multi-specialty outsourced physician services, which have been identified as its operating and reportable segments. Through the ambulatory services segment, the Company acquires, develops and operates ambulatory surgery centers in partnership with physicians. Through the physician services segment, the Company provides outsourced physician services in multiple specialties to hospitals, ambulatory surgery centers and other healthcare facilities, primarily in the areas of anesthesiology, radiology, children's services and emergency medicine.

The Company's financial information by operating segment is prepared on an internal management reporting basis and includes allocations of corporate overhead to each segment. This financial information is used by the chief operating decision maker to allocate resources and assess the performance of the operating segments. The Company's operating segments have been defined based on the separate financial information that is regularly produced and reviewed by the Company's chief operating decision maker which is its Chief Executive Officer.

The following table presents financial information for each reportable segment (in thousands):

	Year ended December 31,		
	2015	2014	2013
Net Revenue:			
Ambulatory Services	$ 1,230,050	$ 1,109,935	$ 1,057,196
Physician Services [1]	1,336,834	512,014	—
Total	$ 2,566,884	$ 1,621,949	$ 1,057,196
Adjusted Segment EBITDA:			
Ambulatory Services	$ 226,229	$ 197,377	$ 187,972
Physician Services [1]	266,031	107,105	—
Total	$ 492,260	$ 304,482	$ 187,972
Adjusted Segment EBITDA:	$ 492,260	$ 304,482	$ 187,972
Earnings from continuing operations attributable to noncontrolling interests	218,181	190,809	183,484
Interest expense, net	(121,586)	(83,285)	(29,525)
Depreciation and amortization	(97,493)	(60,344)	(32,400)
Share-based compensation	(15,009)	(10,104)	(8,321)
Net change in fair value of contingent consideration	(8,804)	—	—
Transaction costs	(8,324)	(33,890)	(300)
Debt extinguishment costs	—	(16,887)	—
Net gain on deconsolidations	36,694	3,411	2,237
Earnings from continuing operations before income taxes	$ 495,919	$ 294,192	$ 303,147
Acquisition and Capital Expenditures:			
Ambulatory Services [2]	$ 168,593	$ 81,156	$ 102,450
Physician Services	854,401	28,909	—
Total	$ 1,022,994	$ 110,065	$ 102,450

	2015	2014
Assets:		
Ambulatory Services	$ 2,609,479	$ 2,526,625
Physician Services	3,937,003	2,974,437
Total	$ 6,546,482	$ 5,501,062

(1) On July 16, 2014, the Company completed the acquisition of Sheridan. Accordingly, historical amounts for periods prior to that date are not included.

(2) Excludes the purchase price to acquire Sheridan in 2014.

(21) Financial Information for the Company and Its Subsidiaries

The 2020 Senior Unsecured Notes and 2022 Senior Unsecured Notes are senior unsecured obligations of the Company and are guaranteed by its existing and subsequently acquired or organized 100% owned domestic subsidiaries. The 2020 Senior Unsecured Notes and 2022 Senior Unsecured Notes are guaranteed on a full and unconditional and joint and several basis, with limited exceptions considered customary for such guarantees, including the release of the guarantee when a subsidiary's assets are sold. The following condensed consolidating financial statements present the Company (as parent issuer), the subsidiary guarantors, the subsidiary non-guarantors and consolidating adjustments. These condensed consolidating financial statements have been prepared and presented in accordance with Rule 3-10 of Regulation S-X "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered." The operating and investing activities of the separate legal entities are fully interdependent and integrated. Accordingly, the results of the separate legal entities are not representative of what the operating results would be on a stand-alone basis.

Condensed Consolidating Balance Sheet - December 31, 2015 (In thousands)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 20,437	$ 27,507	$ 58,716	$ —	$ 106,660
Restricted cash and marketable securities	—	—	13,506	—	13,506
Accounts receivable, net	—	223,434	113,896	—	337,330
Supplies inventory	—	—	21,406	—	21,406
Prepaid and other current assets	28,739	39,046	16,062	(8,076)	75,771
Total current assets	49,176	289,987	223,586	(8,076)	554,673
Property and equipment, net	12,515	14,601	162,052	—	189,168
Investments in and receivables from unconsolidated affiliates	4,901,026	1,775,272	—	(6,507,128)	169,170
Goodwill	—	1,956,741	—	2,013,469	3,970,210
Intangible assets, net	59,928	1,579,537	2,346	—	1,641,811
Other assets	4,653	1,717	17,078	(1,998)	21,450
Total assets	$ 5,027,298	$ 5,617,855	$ 405,062	$ (4,503,733)	$ 6,546,482
Liabilities and Equity					
Current liabilities:					
Current portion of long-term debt	$ 8,700	$ —	$ 11,677	$ —	$ 20,377
Accounts payable	2,816	3,760	29,837	(3,852)	32,561
Accrued salaries and benefits	31,510	158,705	12,322	—	202,537
Accrued interest	30,463	—	17	—	30,480
Other accrued liabilities	13,962	76,590	32,909	(4,224)	119,237
Total current liabilities	87,451	239,055	86,762	(8,076)	405,192
Long-term debt	2,373,251	—	55,275	(23,396)	2,405,130
Deferred income taxes	268,573	432,923	—	(1,998)	699,498
Other long-term liabilities	4,560	71,509	20,114	—	96,183
Intercompany payable	—	1,228,157	—	(1,228,157)	—
Noncontrolling interests – redeemable	—	—	63,060	112,672	175,732
Equity:					
Total AmSurg Corp. equity	2,293,463	3,646,211	132,267	(3,778,478)	2,293,463
Noncontrolling interests – non-redeemable	—	—	47,584	423,700	471,284
Total equity	2,293,463	3,646,211	179,851	(3,354,778)	2,764,747
Total liabilities and equity	$ 5,027,298	$ 5,617,855	$ 405,062	$ (4,503,733)	$ 6,546,482

Condensed Consolidating Balance Sheet - December 31, 2014 (In thousands)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 134,351	$ 23,471	$ 50,257	$ —	$ 208,079
Restricted cash and marketable securities	—	—	10,219	—	10,219
Accounts receivable, net	—	123,772	109,281	—	233,053
Supplies inventory	—	301	19,673	—	19,974
Prepaid and other current assets	46,097	37,826	13,795	(4,818)	92,900
Total current assets	180,448	185,370	203,225	(4,818)	564,225
Property and equipment, net	10,391	9,972	160,085	—	180,448
Investments in and receivables from unconsolidated affiliates	3,912,804	1,587,881	—	(5,425,210)	75,475
Goodwill	—	1,490,981	—	1,890,168	3,381,149
Intangible assets, net	67,678	1,203,218	2,983	—	1,273,879
Other assets	3,323	943	23,086	(1,466)	25,886
Total assets	$ 4,174,644	$ 4,478,365	$ 389,379	$ (3,541,326)	$ 5,501,062
Liabilities and Equity					
Current liabilities:					
Current portion of long-term debt	$ 8,700	$ —	$ 10,126	$ —	$ 18,826
Accounts payable	1,849	35	31,781	(4,080)	29,585
Accrued salaries and benefits	25,035	101,395	13,614	—	140,044
Accrued interest	29,621	—	23	—	29,644
Other accrued liabilities	8,051	44,305	16,368	(738)	67,986
Total current liabilities	73,256	145,735	71,912	(4,818)	286,085
Long-term debt	2,206,950	—	53,648	(28,412)	2,232,186
Deferred income taxes	207,500	404,984	—	(1,466)	611,018
Other long-term liabilities	7,391	63,616	18,436	—	89,443
Intercompany payable	—	1,219,979	8,010	(1,227,989)	—
Noncontrolling interests – redeemable	—	—	63,544	120,555	184,099
Equity:					
Total AmSurg Corp. equity	1,679,547	2,644,051	130,206	(2,774,257)	1,679,547
Noncontrolling interests – non-redeemable	—	—	43,623	375,061	418,684
Total equity	1,679,547	2,644,051	173,829	(2,399,196)	2,098,231
Total liabilities and equity	$ 4,174,644	$ 4,478,365	$ 389,379	$ (3,541,326)	$ 5,501,062

Condensed Consolidating Statement of Earnings - Year Ended December 31, 2015 (In thousands)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net revenue	$ 28,554	$ 1,331,042	$ 1,245,292	$ (38,004)	$ 2,566,884
Operating expenses:					
Salaries and benefits	69,102	937,484	308,313	(507)	1,314,392
Supply cost	—	2,436	181,866	(80)	184,222
Other operating expenses	24,682	145,369	265,160	(37,417)	397,794
Transaction costs	1,762	6,562	—	—	8,324
Depreciation and amortization	3,912	61,658	31,923	—	97,493
Total operating expenses	99,458	1,153,509	787,262	(38,004)	2,002,225
Gain (loss) on deconsolidations	—	37,350	(656)	—	36,694
Equity in earnings of unconsolidated affiliates	349,139	251,093	—	(584,080)	16,152
Operating income	278,235	465,976	457,374	(584,080)	617,505
Interest expense, net	41,140	77,947	2,499	—	121,586
Earnings from continuing operations before income taxes	237,095	388,029	454,875	(584,080)	495,919
Income tax expense	73,159	38,891	1,740	—	113,790
Net earnings from continuing operations	163,936	349,138	453,135	(584,080)	382,129
Net loss from discontinued operations	(989)	—	(24)	—	(1,013)
Net earnings	162,947	349,138	453,111	(584,080)	381,116
Net earnings attributable to noncontrolling interests	—	—	218,169	—	218,169
Net earnings attributable to AmSurg Corp. shareholders	162,947	349,138	234,942	(584,080)	162,947
Preferred stock dividends	(9,056)	—	—	—	(9,056)
Net earnings attributable to AmSurg Corp. common shareholders	$ 153,891	$ 349,138	$ 234,942	$ (584,080)	$ 153,891
Amounts attributable to AmSurg Corp. common shareholders:					
Earnings from continuing operations, net of income tax	$ 154,880	$ 349,138	$ 234,954	$ (584,080)	$ 154,892
Loss from discontinued operations, net of income tax	(989)	—	(12)	—	(1,001)
Net earnings attributable to AmSurg Corp. common shareholders	$ 153,891	$ 349,138	$ 234,942	$ (584,080)	$ 153,891

Condensed Consolidating Statement of Earnings - Year Ended December 31, 2014 (In thousands)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net revenue	$ 24,773	$ 508,572	$ 1,112,940	$ (24,336)	$ 1,621,949
Operating expenses:					
Salaries and benefits	65,697	350,615	284,050	(5,786)	694,576
Supply cost	—	1,292	163,004	—	164,296
Other operating expenses	18,667	53,413	231,398	(18,550)	284,928
Transaction costs	29,004	4,886	—	—	33,890
Depreciation and amortization	4,044	25,610	30,690	—	60,344
Total operating expenses	117,412	435,816	709,142	(24,336)	1,238,034
Gain on deconsolidation	—	3,411	—	—	3,411
Equity in earnings of unconsolidated affiliates	237,657	211,889	—	(442,508)	7,038
Operating income	145,018	288,056	403,798	(442,508)	394,364
Interest expense, net	47,997	33,026	2,262	—	83,285
Debt extinguishment costs	16,887	—	—	—	16,887
Earnings from continuing operations before income taxes	80,134	255,030	401,536	(442,508)	294,192
Income tax expense	29,166	17,373	1,564	—	48,103
Net earnings from continuing operations	50,968	237,657	399,972	(442,508)	246,089
Net earnings (loss) from discontinued operations	2,733	—	(4,029)	—	(1,296)
Net earnings	53,701	237,657	395,943	(442,508)	244,793
Net earnings attributable to noncontrolling interests	—	21	191,071	—	191,092
Net earnings attributable to AmSurg Corp. shareholders	53,701	237,636	204,872	(442,508)	53,701
Preferred stock dividends	(4,503)	—	—	—	(4,503)
Net earnings attributable to AmSurg Corp. common shareholders	$ 49,198	$ 237,636	$ 204,872	$ (442,508)	$ 49,198
Amounts attributable to AmSurg Corp. common shareholders:					
Earnings from continuing operations, net of income tax	$ 46,465	$ 237,636	$ 209,184	$ (442,508)	$ 50,777
Earnings (loss) from discontinued operations, net of income tax	2,733	—	(4,312)	—	(1,579)
Net earnings attributable to AmSurg Corp. common shareholders	$ 49,198	$ 237,636	$ 204,872	$ (442,508)	$ 49,198

Condensed Consolidating Statement of Earnings - Year Ended December 31, 2013 (In thousands)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net revenue	$ 24,167	$ —	$ 1,050,547	$ (17,518)	$ 1,057,196
Operating expenses:					
Salaries and benefits	61,038	—	267,014	(467)	327,585
Supply cost	—	—	153,126	—	153,126
Other operating expenses	22,360	—	211,192	(17,051)	216,501
Transaction costs	300	—	—	—	300
Depreciation and amortization	3,186	—	29,214	—	32,400
Total operating expenses	86,884	—	660,546	(17,518)	729,912
Gain on deconsolidation	—	2,237	—	—	2,237
Equity in earnings of unconsolidated affiliates	207,199	204,962	—	(409,010)	3,151
Operating income	144,482	207,199	390,001	(409,010)	332,672
Interest expense, net	27,282	—	2,243	—	29,525
Earnings from continuing operations before income taxes	117,200	207,199	387,758	(409,010)	303,147
Income tax expense	47,139	—	1,515	—	48,654
Net earnings from continuing operations	70,061	207,199	386,243	(409,010)	254,493
Net earnings from discontinued operations	2,642	—	4,409	—	7,051
Net earnings	72,703	207,199	390,652	(409,010)	261,544
Net earnings attributable to noncontrolling interests	—	—	188,841	—	188,841
Net earnings attributable to AmSurg Corp. common shareholders	$ 72,703	$ 207,199	$ 201,811	$ (409,010)	$ 72,703
Amounts attributable to AmSurg Corp. common shareholders:					
Earnings from continuing operations, net of income tax	$ 70,061	$ 207,199	$ 202,759	$ (409,010)	$ 71,009
Earnings (loss) from discontinued operations, net of income tax	2,642	—	(948)	—	1,694
Net earnings attributable to AmSurg Corp. common shareholders	$ 72,703	$ 207,199	$ 201,811	$ (409,010)	$ 72,703

Condensed Consolidating Statement of Cash Flows - Year Ended December 31, 2015 (In thousands)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash flows from operating activities:					
Net cash flows provided by operating activities	$ 40,432	$ 353,932	$ 489,820	$ (346,225)	$ 537,959
Cash flows from investing activities:					
Acquisitions and related transactions	(757,775)	(969,259)	—	764,345	(962,689)
Acquisition of property and equipment	(5,876)	(22,988)	(31,441)	—	(60,305)
Proceeds from sale of interests in surgery centers	—	7,114	—	—	7,114
Purchases of marketable securities	—	—	(3,984)	—	(3,984)
Maturities of marketable securities	—	—	4,233	—	4,233
Other	—	(2,927)	1,733	—	(1,194)
Net cash flows used in investing activities	(763,651)	(988,060)	(29,459)	764,345	(1,016,825)
Cash flows from financing activities:					
Proceeds from long-term borrowings	546,000	—	14,133	—	560,133
Repayment on long-term borrowings	(379,700)	—	(12,886)	—	(392,586)
Distributions to owners, including noncontrolling interests	—	(109,862)	(451,262)	346,225	(214,899)
Capital contributions	—	757,775	—	(757,775)	—
Proceeds from common stock offering	466,777	—	—	—	466,777
Payments of equity issuance costs	(19,058)	—	—	—	(19,058)
Financing cost incurred	(1,101)	—	(10)	—	(1,111)
Changes in intercompany balances with affiliates, net	5,016	—	(5,016)	—	—
Other financing activities, net	(8,629)	(9,749)	3,139	(6,570)	(21,809)
Net cash flows provided by (used in) financing activities	609,305	638,164	(451,902)	(418,120)	377,447
Net increase (decrease) in cash and cash equivalents	(113,914)	4,036	8,459	—	(101,419)
Cash and cash equivalents, beginning of period	134,351	23,471	50,257	—	208,079
Cash and cash equivalents, end of period	$ 20,437	$ 27,507	$ 58,716	$ —	$ 106,660

Condensed Consolidating Statement of Cash Flows - Year Ended December 31, 2014 (In thousands)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash flows from operating activities:					
Net cash flows provided by operating activities	$ 96,681	$ 298,415	$ 430,880	$ (413,605)	$ 412,371
Cash flows from investing activities:					
Acquisitions and related transactions	(2,124,124)	(2,188,191)	1,520	2,126,737	(2,184,058)
Acquisition of property and equipment	(7,877)	(9,933)	(22,407)	—	(40,217)
Proceeds from sale of interests in surgery centers	—	7,069	—	—	7,069
Purchases of marketable securities	—	—	(6,474)	—	(6,474)
Maturities of marketable securities	—	—	3,486	—	3,486
Other	(3,068)	(6,594)	4,721	—	(4,941)
Net cash flows used in investing activities	(2,135,069)	(2,197,649)	(19,154)	2,126,737	(2,225,135)
Cash flows from financing activities:					
Proceeds from long-term borrowings	2,040,000	—	8,958	—	2,048,958
Repayment on long-term borrowings	(396,493)	—	(11,982)	—	(408,475)
Distributions to owners, including noncontrolling interests	—	(202,247)	(401,455)	413,605	(190,097)
Capital contributions	—	2,124,124	—	(2,124,124)	—
Proceeds from preferred stock offering	172,500	—	—	—	172,500
Proceeds from common stock offering	439,875	—	—	—	439,875
Payments of equity issuance costs	(24,494)	—	—	—	(24,494)
Financing cost incurred	(65,811)	—	—	—	(65,811)
Changes in intercompany balances with affiliates, net	2,965	—	(2,965)	—	—
Other financing activities, net	(2,513)	828	1,845	(2,613)	(2,453)
Net cash flows provided by (used in) financing activities	2,166,029	1,922,705	(405,599)	(1,713,132)	1,970,003
Net increase in cash and cash equivalents	127,641	23,471	6,127	—	157,239
Cash and cash equivalents, beginning of period	6,710	—	44,130	—	50,840
Cash and cash equivalents, end of period	$ 134,351	$ 23,471	$ 50,257	$ —	$ 208,079

Condensed Consolidating Statement of Cash Flows - Year Ended December 31, 2013 (In thousands)

	Parent Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash flows from operating activities:					
Net cash flows provided by operating activities	$ 45,127	$ 208,773	$ 426,572	$ (347,648)	$ 332,824
Cash flows from investing activities:					
Acquisitions and related transactions	—	(74,288)	—	694	(73,594)
Acquisition of property and equipment	(3,693)	—	(25,163)	—	(28,856)
Proceeds from sale of interests in surgery centers	—	3,553	—	—	3,553
Other	—	159	—	—	159
Net cash flows used in investing activities	(3,693)	(70,576)	(25,163)	694	(98,738)
Cash flows from financing activities:					
Proceeds from long-term borrowings	152,700	—	9,504	—	162,204
Repayment on long-term borrowings	(188,081)	—	(14,002)	—	(202,083)
Distributions to owners, including noncontrolling interests	—	(138,875)	(392,922)	347,648	(184,149)
Changes in intercompany balances with affiliates, net	88	—	(88)	—	—
Other financing activities, net	(6,690)	678	1,090	(694)	(5,616)
Net cash flows used in financing activities	(41,983)	(138,197)	(396,418)	346,954	(229,644)
Net increase (decrease) in cash and cash equivalents	(549)	—	4,991	—	4,442
Cash and cash equivalents, beginning of period	7,259	—	39,139	—	46,398
Cash and cash equivalents, end of period	$ 6,710	$ —	$ 44,130	$ —	$ 50,840

(22) Subsequent Events

The Company assessed events occurring subsequent to December 31, 2015 for potential recognition and disclosure in the consolidated financial statements. No events have occurred that would require adjustment to or disclosure in the consolidated financial statements.

AMSURG CORP.

Reconciliation of GAAP and non-GAAP Measures

(In thousands, except earnings per share)

	For the Years Ended December 31,	
	2015	2014
Reconciliation of net earnings to Adjusted net earnings[1]:		
Net earnings attributable to AmSurg Corp. shareholders	**$162,947**	$ 53,701
Loss from discontinued operations	**1,695**	2,220
Amortization of purchased intangibles	**52,766**	22,148
Share-based compensation	**15,009**	10,104
Transaction costs	**8,324**	33,890
Net gain on deconsolidations	**(36,694)**	(3,411)
Net change in fair value of contingent consideration	**8,804**	—
Debt extinguishment costs	—	16,887
Deferred financing write-off	—	12,763
Total pre-tax adjustments	**49,904**	94,601
Tax effect (including impact of certain discrete items)	**21,521**	34,140
Total adjustments, net	**28,383**	60,461
Adjusted net earnings	**$191,330**	$ 114,162
Basic shares outstanding	**48,058**	39,311
Effect of dilutive securities, options and non-vested shares	**3,554**	2,152
Diluted shares outstanding, if converted	**51,612**	41,463
Adjusted earnings per share	**$ 3.71**	$ 2.75
Reconciliation of net earnings to Adjusted EBITDA[2]:		
Net earnings attributable to AmSurg Corp. shareholders	**$162,947**	$ 53,701
Loss from discontinued operations	**1,001**	1,579
Interest expense, net	**121,586**	83,285
Income tax expense	**113,790**	48,103
Depreciation and amortization	**97,493**	60,344
EBITDA	**496,817**	247,012
Adjustments:		
Share-based compensation	**15,009**	10,104
Transaction costs	**8,324**	33,890
Net gain on deconsolidations	**(36,694)**	(3,411)
Net change in fair value of contingent consideration	**8,804**	—
Debt extinguishment costs	—	16,887
Total adjustments	**(4,557)**	57,470
Adjusted EBITDA	**$492,260**	$ 304,482
Segment Information:		
Ambulatory Services Adjusted EBITDA	**$226,229**	$ 197,377
Physician Services Adjusted EBITDA	**266,031**	107,105
Adjusted EBITDA	**$492,260**	$ 304,482

[1] We believe the calculation of adjusted net earnings from continuing operations per diluted share attributable to AmSurg Corp. common shareholders provides a better measure of our ongoing performance and provides better comparability to prior periods because it excludes discontinued operations, the gains or loss from deconsolidations, which are non-cash in nature, transaction costs, including associated debt extinguishment costs and deferred financing write-off, and acquisition-related amortization expense, changes in contingent purchase price consideration and share-based compensation expense. Adjusted net earnings from continuing operations per diluted share attributable to AmSurg Corp. common shareholders should not be considered as a measure of financial performance under accounting principles generally accepted in the United States, and the items excluded from it is a significant component in understanding and assessing financial performance. Because adjusted net earnings from continuing operations per diluted share attributable to AmSurg Corp. common shareholders is not a measurement determined in accordance with accounting principles generally accepted in the United States and is thus susceptible to varying calculations, it may not be comparable as presented to other similarly titled measures of other companies. For purposes of calculating adjusted earnings per share, we utilize the if-converted method to determine the number of diluted shares outstanding. In periods where utilizing the if-converted method is anti-dilutive, the mandatory convertible preferred stock will not be included in the calculation of diluted shares outstanding.

[2] We define Adjusted EBITDA of AmSurg as earnings before interest expense, net, income taxes, depreciation, amortization, share-based compensation, transaction costs, changes in contingent purchase price consideration, gain or loss on deconsolidations and discontinued operations. Adjusted EBITDA should not be considered a measure of financial performance under generally accepted accounting principles. Items excluded from Adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA is an analytical indicator used by management and the health care industry to evaluate company performance, allocate resources and measure leverage and debt service capacity. Adjusted EBITDA should not be considered in isolation or as an alternative to net income, cash flows from operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because Adjusted EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, Adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies. Net earnings from continuing operations attributable to AmSurg Corp. common shareholders is the financial measure calculated and presented in accordance with generally accepted accounting principles that is most comparable to Adjusted EBITDA as defined.

Shareholder Information

Common Stock and Dividend Information

At February 17, 2016, there were approximately 41,320 holders of our common stock, including 260 shareholders of record. We have never declared or paid a cash dividend on our common stock. We intend to retain our earnings to finance the growth and development of our business and do not expect to declare or pay any cash dividends in the foreseeable future. The declaration of dividends is within the discretion of our Board of Directors, subject to certain covenants which limit, but may not restrict, the Company's ability to pay dividends.

Quarterly Statement of Earnings Data (Unaudited)

The following table presents certain quarterly statement of earnings data for the years ended December 31, 2015 and 2014. The quarterly statement of earnings data set forth below was derived from the Company's unaudited financial statements and includes all adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair presentation thereof. Results of operations for any particular quarter are not necessarily indicative of results of operations for a full year or predictive of future periods.

	2015				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3[1]	Q4
	(In thousands, except per share data)							
Net revenues	$570,445	$641,950	$650,227	$704,262	$ 259,561	$ 278,227	$ 502,350	$ 581,811
Earnings from continuing operations before income taxes	83,004	115,940	135,797	161,178	73,028	80,487	39,142	101,535
Net earnings from continuing operations	68,755	90,747	98,279	124,348	60,046	67,689	39,120	79,234
Net earnings (loss) from discontinued operations	—	—	—	(1,013)	68	483	(1,697)	(150)
Net earnings	68,755	90,747	98,279	123,335	60,114	68,172	37,423	79,084
Net earnings (loss) attributable to AmSurg Corp. common shareholders:								
Continuing	18,774	31,411	40,397	64,310	17,392	18,771	(10,697)	25,311
Discontinued	—	—	—	(1,001)	(197)	190	(1,376)	(196)
Net earnings (loss)	$ 18,774	$ 31,411	$ 40,397	$ 63,309	$ 17,195	$ 18,961	$ (12,073)	$ 25,115
Basic net earnings (loss) from continuing operations per share	$ 0.39	$ 0.66	$ 0.85	$ 1.31	$ 0.55	$ 0.59	$ (0.23)	$ 0.53
Basic net earnings (loss) per share	$ 0.39	$ 0.66	$ 0.85	$ 1.28	$ 0.54	$ 0.60	$ (0.26)	$ 0.53
Diluted net earnings (loss) from continuing operations per share	$ 0.39	$ 0.65	$ 0.83	$ 1.26	$ 0.54	$ 0.58	$ (0.23)	$ 0.53
Diluted net earnings (loss) per share	$ 0.39	$ 0.65	$ 0.83	$ 1.24	$ 0.54	$ 0.59	$ (0.26)	$ 0.53
Market prices per share:								
High	$ 65.03	$ 72.85	$ 87.42	$ 87.29	$ 47.75	$ 52.81	$ 54.48	$ 55.65
Low	$ 52.42	$ 60.43	$ 54.11	$ 58.37	$ 40.05	$ 40.00	$ 45.19	$ 47.68

[1] The results of operations for Sheridan are effective July 16, 2014. Additionally, $16.9 million of debt extinguishment costs and $25.1 million of transaction costs were incurred during the quarter.

Directors and Officers

Christopher A. Holden
President, Chief Executive Officer and Director

Thomas G. Cigarran[1]
Director;
Former Chairman and Chief Executive Officer,
Healthways, Inc.
healthcare services

James A. Deal[2][3]
Director;
President and Chief Executive Officer,
Compassus
healthcare services

John T. Gawaluck[2]
Director;
Former Partner,
Ernst & Young LLP
accounting

Steven I. Geringer
Senior Advisor
Alvarez & Marsal
healthcare advisory services

Claire M. Gulmi
Executive Vice President,
Chief Financial Officer,
Secretary and Director

Henry D. Herr[1][2]
Director;
Former Executive Vice President
of Finance and Administration and
Chief Financial Officer,
Healthways, Inc.
healthcare services

Joey A. Jacobs[3]
Director;
Chairman and Chief Executive Officer,
Acadia Healthcare Company, Inc.
healthcare services

Kevin P. Lavender[2][3]
Director;
Senior Vice President and Managing Director
Large Corporate and Specialized Industries,
Fifth Third Bank
financial services

Cynthia S. Miller[2][3]
Director;
Former Senior Vice President of Innovation and Pricing,
Univita
healthcare services

John W. Popp, Jr., M.D.[1][3]
Director;
Medical Director,
Janssen Scientific Affairs, LLC
biomedicine

Robert J. Coward
Executive Vice President,
President – Physician Services Division and
Chief Development Officer

Philip A. Clendenin
Executive Vice President,
President – Ambulatory Services Division

Kevin D. Eastridge
Senior Vice President and
Chief Accounting Officer

[1] Nominating and Corporate Governance Committee
[2] Audit Committee
[3] Compensation Committee

AMSURG CORP.

Company Information

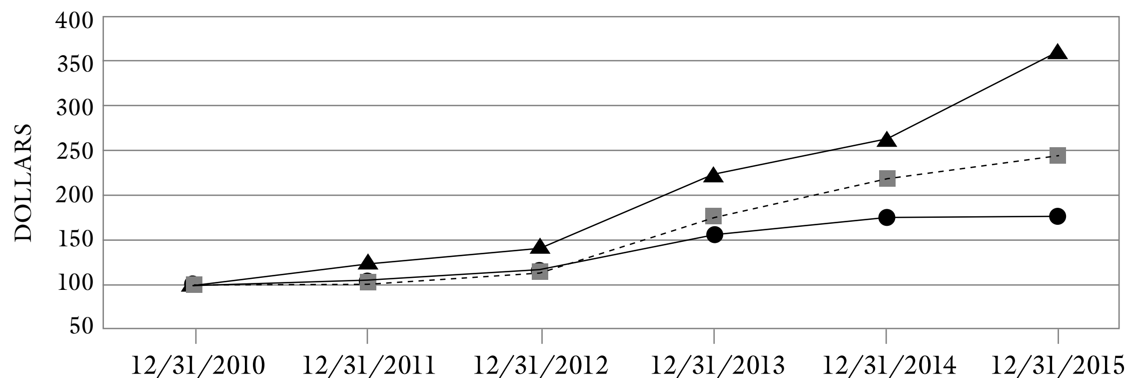
Corporate Headquarters
AmSurg Corp.
1A Burton Hills Boulevard
Nashville, Tennessee 37215
615-665-1283

Registrar and Transfer Agent
Computershare Shareholder Services, LLC
P.O. Box 43078
Providence, Rhode Island 02940-3078
800-568-3476

Annual Shareholders' Meeting
The annual meeting of shareholders will be held on Thursday May 26, 2016, at 8:00 a.m., central daylight savings time, at the Company's corporate headquarters.

Form 10-K/Investor Contact
A copy of the AmSurg Corp. Annual Report on Form 10-K for fiscal 2015 (without exhibits) filed with the Securities and Exchange Commission is available from the Company at no charge. These requests and other investor contacts should be directed to Claire M. Gulmi, Executive Vice President, Chief Financial Officer and Secretary, at the Company's corporate headquarters.

Common Stock Performance
The following graph compares the performance of our common stock with performance of a market index, the NASDAQ U.S. Stocks Benchmark index, and a peer group index, the NASDAQ Health Care Providers index. The graph covers the period from December 31, 2010 through the end of fiscal 2015. The graph assumes that $100 was invested at the closing price on December 31, 2010 in our common stock, the market index and the peer group index, and that all dividends were reinvested.



	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
AmSurg Corp.	100.0	124.3	143.2	219.2	261.2	362.8
NASDAQ U.S. Stocks Benchmark	100.0	100.3	116.8	155.9	175.3	176.2
NASDAQ Health Care Providers	100.0	109.9	124.4	171.8	221.9	240.3

AMSURG

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