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**STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER**

In the Matter of

NO. 13-0134

PREFERRED CHIROPRACTIC DOCTOR,
INC.

DECLARATION OF JANICE HULL IN
OPPOSITION TO THE REQUEST BY
THE WASHINGTON INSURANCE
COMMISSIONER FOR IMPOSITION
OF FINES

Respondent,

I, JANICE HULL, declare as follows:

1. I have personal knowledge of the facts stated herein and if called as a witness I could testify competently thereto.

2. My accounting firm, Hull and Russell, P.C., is the independent auditor for Preferred Chiropractic Doctor, Inc. (PCD).

3. My accounting firm audited the balance sheet of PCD as of May 31, 2012, and the related statements of income and retained earnings and cash flows for the year then ended that was submitted with PCD's Application for Licensure. Based on that audit my accounting firm prepared the Independent Auditors Report. As stated in the Independent Auditors Report, "Because membership fees are small, management has decided not to calculate and report deferred revenues." As further stated in the Independent Auditors Report, except for the omission of that information, the financial statements presented fairly in all material respects

1 the financial position of PCD as of May 31, 2012, and the results of its operation and its cash
2 flows for the year then ended in conformity with accounting principles generally accepted in
3 the United States of America. A copy of the PCD Annual Financial Report for the Year Ended
4 May 31, 2012, is attached as Exhibit 1.

5 4. I have reviewed the U.S. Corporation Income Tax Return for PCD for tax year
6 2012. My accounting firm did not prepare the tax return. However, based on my review, it
7 was prepared on a cash basis which means that the "Gross receipts or sales" stated on line 1 a
8 were recorded as income when membership fees were paid and not over the period of the
9 membership, which, as I understand is either 1 year, 2 years or 3 years. A copy of the Income
10 Tax Return is attached as Exhibit 2.

11 5. I have been advised that management recognizes membership fees as collected
12 rather than as earned because membership fees are small, \$37 per year for a one year
13 membership with discounts for multiple year memberships.

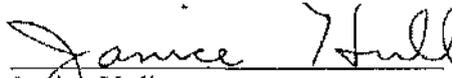
14 6. If management recognized membership fees on a deferred basis Schedule I,
15 Balance Sheets per Books, at page 5 of the Tax Return, would state a net worth significantly
16 under the \$176,234 stated there.

17 7. At the request of PCD I received from PCD's Washington chiropractors copies
18 of a Questionnaire that PCD sent to its chiropractors. Copies of Questionnaires that were
19 returned with comments at either question 8 or question 18 are attached as Exhibit 3. Other
20 Questionnaires that were returned without any comments are attached as Exhibit 4.

21 (continued on next page)
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1 I declare under penalty of perjury under the laws of the State of Washington that the
2 foregoing is true and correct to the best of my knowledge.

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4 Executed at Clanton, Alabama, this 9th day of September, 2013

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7 Janice Hull
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STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of

NO. 13-0134

PREFERRED CHIROPRACTIC DOCTOR,
INC.

DECLARATION OF EDWARD L.
CLABAUGH IN OPPOSITION TO THE
REQUEST BY THE WASHINGTON
INSURANCE COMMISSIONER FOR
IMPOSITION OF FINES

Respondent,

I, EDWARD L. CLABAUGH, declare:

1. I am the attorney for Preferred Chiropractor Doctor, Inc., the Respondent herein ("PCD" or the "company").

2. I have personal knowledge of the facts stated herein and if called as a witness I could testify competently thereto.

3. On October 12, 2012, I talked by telephone with Ms. Susan Baker, a Company Licensing Specialist in the Company Supervision of the Office of the Insurance Commissioner (OIC). During that conversation I told Ms. Baker that I represented a company that had been doing business as a discount plan organization (DPO) in Washington for a number of years but was not aware of the Act until just recently. I told Ms. Baker that the company had not registered as a discount plan organization and asked her advice as to how

1 best to proceed. Ms. Baker was very helpful. She said that she would be the person who
2 would review the company's application for a license.

3 4. On October 12, 2012, I also talked by telephone with Ms. Carol Sureau,
4 Deputy Commissioner, Legal Affairs Division of the OIC. I told Ms. Sureau the same
5 information that I had told Ms. Baker. Ms. Sureau was also very helpful. She advised me to
6 have the company file an application for a license. She also told me that the company would
7 face an enforcement procedure. She further stated that the OIC looks for company attempts to
8 comply with the law. Ms. Sureau said that she would send me the Compliance Group
9 Enforcement Policies and Procedures, which she did.

10 5. On November 2, 2012, I talked by telephone with Ms. Gaye Pasero, the
11 Company Licensing Manager in the Company Supervision Division concerning whether there
12 was a possibility the company could submit a compiled statement rather than an audited
13 statement. Ms. Pasero advised me she would review the statutes and get back to me but that
14 she believed the audit requirement was a hard and fast rule. Subsequently Ms. Pasero advised
15 me that an audited statement was required.

16 6. On November 5, 2012, I talked by telephone again with Ms. Baker. I discussed
17 with her the company's problem with obtaining an initial audit and asked her about the
18 methodology that the OIC would employ in reviewing the company's financial statements.
19 Ms. Baker was very forthcoming and helpful. She advised that the OIC would look very
20 carefully at any intangibles listed on the balance sheet. She advised me to find out how the
21 company is collecting and charging for its membership fees. She said that membership fee
22 revenue needed to be taken into account as earned. She said the revenue from an annual
23 membership fee needed to be spread over the entire period covered by the membership. Ms.
24 Baker also said that the audited financial statements must be accompanied by an audited
25 statement for the prior year for comparison purposes. She also stated that since the calendar

DECLARATION OF EDWARD L. CLABAUGH

Page 2

Lam Offices
EDWARD L. CLABAUGH
P.O. Box 333 • 10217 SW Dunton Dr. ■ Vashon, WA 98070
(206) 463-1500 • Facsimile (206) 463-5806

1 year end was coming up, it might be better to wait until after year end to file. She stated that
2 would provide the auditor time to do the extensive field work required in connection with an
3 initial audit and provide more up to date financial statements. She said that if the company
4 was marginal on the \$150,000 net worth requirement then the OIC would ask for a pro forma
5 to show how the company plans to maintain its minimum net worth requirement. She also said
6 that companies typically have a problem with their contracts. She said the company should be
7 sure that its contracts are compliant with RCW 48.155.070. She also advised me that the
8 company needed to have a compliant website. She said potential patients had to be able to see
9 who the providers are. She also advised me that the company has to operate under its full legal
10 name, not under a "DBA" name. She also asked me whether the company had any cease and
11 desist orders from any other state.

12 7. Based on my telephone conversation with Ms. Baker, a very serious issue the
13 company had to deal with was whether under the pertinent provisions of WAC 285-07-
14 130(2)(g) it would need an audited statement for the year prior to its current year. After a
15 careful review of those provisions, the company determined that since it would be filing its
16 initial audited statement, an audited statement, as provided in those provisions, was not
17 required for the prior year. Following the telephone conversation with Ms. Baker, I prepared a
18 Memorandum dated November 6, 2012, to Dr. Below regarding the conversation and emailed
19 it to him together with pertinent provisions of the RCW and WAC. A copy of the
20 Memorandum is attached as Exhibit 1.

21 8. On Friday, November 30, 2012, I spoke again by telephone with Ms. Baker. I
22 reviewed with Ms. Baker the provisions of WAC 284-07-130(2)(g) concerning the question of
23 the need for an audit and the company's conclusion that only an audit of the current year was
24 required. Ms. Baker said that since the company had been operating without registration that
25 technically the OIC could require that it meet the minimum net worth requirements for the

1 entire time it had been operating in Washington. She then stated that the company had two
2 options. It could either file an audited statement for the current fiscal year and file one for the
3 previous year or, alternatively, file an audited statement for the current fiscal year and provide
4 a detailed pro forma for the next several years that demonstrates how the company will
5 maintain the minimum \$150,000 net worth requirement. PCD determined to use the second
6 option.

7 9. None of the OIC staff members with whom I spoke recommended that the
8 company halt its operations until it received its license.

9 10. On December 4, 2012, Dr. Below asked me to notify the OIC that the company
10 I had been discussing with senior staff members of the OIC was PCD and to notify them that
11 the company was in the process of obtaining audited financial statements and completing the
12 necessary information in order to apply for registration. On December 4, 2012, I sent an email
13 to that effect to Susan Baker, Carol Sureau and Gayle Pasero. A copy is attached as Exhibit 2.

14 11. On or about January 22, 2013, I received from Dr. Below a copy of a letter
15 dated January 14, 2013, from the OIC addressed to PCD and Dr. Below and Access One
16 Consumer Health at Access One's address. The OIC letter enclosed copies of letters from the
17 John Peick Law Group dated December 18, 2012, and November 28, 2012, to the Company
18 and Access One addressed to the address of Access One. I replied to the OIC's letter by a
19 letter dated January 28, 2013. A copy is attached as Exhibit 3.

20 12. Following the filing of PCD's Application for Licensure, Ms. Baker responded
21 to it by a letter to PCD dated March 19, 2013. Dr. Below sent me a copy of that letter. Ms.
22 Baker's letter stated, among other matters, that the company's financial statements were not
23 under full GAAP standards as required under WAC 284-155-020, therefore the Auditor's
24 opinion is qualified, and the audit cannot meet the statutory standard. After reviewing the
25 letter, I talked by telephone with Ms. Baker on April 2 concerning whether the OIC would

1 accept an audit with reserves for cancellations based on historical data. Following that
2 telephone conversation, Ms. Baker sent an email to me dated April 2, 2013, which specified
3 the OIC's concerns about the accounting for the company. A copy of Ms. Baker's email is
4 attached as Exhibit 4.

5 13. A prehearing conference in this matter was held on June 12, 2013, before the
6 Honorable Chief Presiding Officer, Patricia Petersen, Esq. At the hearing Marcia Stickler,
7 Esq., Staff Attorney in the OIC's Legal Affairs Division who represented the OIC, stated she
8 would provide to me her entire file on the matter. Following the prehearing conference, a
9 hearing date of September 19 was set.

10 14. Ms. Stickler graciously sent me a copy of her file on this matter by letter dated
11 June 12, 2013. A copy of the file is attached as Exhibit 5.

12 15. Ms. Stickler had discussed with me the idea of stipulating to certain facts in the
13 case, including that PCD was not licensed, in order to narrow the issues. Accordingly, by
14 email dated August 9, 2013, I requested that Ms. Stickler stipulate to certain facts contained in
15 an attached list of proposed stipulations. A copy of that email and the proposed Stipulations is
16 attached as Exhibit 6. In a telephone conversation with Ms. Stickler that same day, she told
17 me she was not sure she wanted to stipulate since she had already prepared her Hearing Brief
18 and was preparing for additional hearings in the fall.

19 16. Ms. Stickler did not respond to my August 9 email or to several telephone calls
20 I placed to her or to a follow up email dated August 15. I therefore sent an email dated August
21 16, 2013, to Ms. Kelly Cairns, the Paralegal for the OIC Hearing Unit, with a copy to Ms.
22 Stickler, requesting the assistance of the Chief Presiding Officer. My email stated that the
23 purpose of the proposed Stipulations was to narrow the factual issues in this matter to avoid
24 an unnecessarily long hearing and, primarily, to provide to my client documents that it has not
25 received from the OIC. The email went on to state that the company has not sought formal

1 discovery because Ms. Stickler stated she would provide the entire internal file. Based on the
2 file she provided to me the OIC had no factual basis to oppose many, if not all, of the
3 stipulations. The email went on to note that at least one important set of documents, those
4 from the Peick Law Group that alleged PCD was illegally selling discount cards in
5 Washington, was not included in the purported complete internal file. The email to Ms. Cairns
6 concluded that because of the severity of the monetary penalty requested by the
7 Commissioner, \$152,400, and the potentially company-destroying impact that would have if
8 granted, I request that Ms. Petersen schedule a second Prehearing conference to discuss (1)
9 the stipulations and documents and (2) to request a date for a motion for summary judgment
10 in late October and (3) to continue the hearing date presently scheduled for September 19,
11 2013, to the first or second week of November in order to provide my client the time required
12 to marshal its witnesses and to obtain necessary declarations. A copy of my email to Ms.
13 Stickler dated August 15, 2013 and a copy of my email to Ms. Cairns dated August 16, 2013,
14 together with the proposed Stipulations are attached as Exhibit 7.

15 17. After I sent my email to Ms. Cairns on August 16, I received an email from
16 Ms. Stickler on August that stated she saw no advantage for us to agree. She concluded,
17 "Let's hash it out at the hearing."

18 18. Ms. Stickler sent me and Ms. Cairns another email on August 16, 2013, in
19 which she explained that the original complaint letter from Peick was not in her file. Her
20 email stated "I got it later from elsewhere in the agency." A copy of Ms. Stickler's email is
21 attached as Exhibit 8.

22 19. As one response to Ms. Stickler's email, Exhibit 8, I sent her an email dated
23 August 16, 2013 stating "Thank you for the Peick letter. Is there anything else that is, as you
24 described it, "elsewhere" in the files of the OIC?" Ms. Stickler responded "No." A copy of my
25 email and Ms. Stickler's response is attached as Exhibit 9.

1 20. I sent a second and more detailed response to Ms. Stickler's email, Exhibit 8,
2 later on August 16, 2013. A copy of that email is attached as Exhibit 10.

3 21. Ms. Stickler sent me an email dated August 16, 2013 at 1:20 PM that stated
4 "As far as our records go, we have no complaints against PCD." A copy of that email is
5 attached as Exhibit 11.

6 22. A second prehearing conference was held on August 22, 2013, with the
7 Honorable Patricia Petersen, Chief Presiding Officer presiding to discuss the matters raised in
8 my email to Ms. Cairns. The OIC was represented by Ms. Stickler and PCD was represented
9 by me. I stated that PCD requested the hearing because it had proposed stipulations to narrow
10 contravened the proposed stipulations. If there were documents that would contravene them,
11 then PCD needed copies of those. I asked Judge Petersen to set a date for a motion for
12 summary judgment in late October and asked that she continue the Hearing presently
13 scheduled for September 19 to a date in the first or second week of November. I stated that the
14 reasons were that PCD disagreed with the OIC's interpretation of RCW 48.155.130 and that
15 PCD needed time to timely file a motion for summary judgment. I stated that if the motion
16 were granted then the need for Dr. Below to come from Alabama to appear at the hearing and
17 the need for other witnesses to appear to testify would be rendered moot. However, if the
18 motion were denied, then the company would like additional time to prepare for the Hearing. I
19 further stated that the penalty sought to be imposed on PCD was more than its actual net
20 worth under GAAP and would be a potential death blow for the company. Judge Petersen
21 ruled that the Hearing would remain on September 19 as scheduled but the motion for
22 summary judgment would be heard first. She also ruled that she would like to have the motion
23 in order to be able to read it before the Hearing but did not set a firm date. Ms. Stickler did not
24 object.

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I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct to the best of my knowledge.

Executed at Vashon, Washington, this 10th day of September, 2013

/s/Edward L. Clabaugh
Edward L. Clabaugh

DECLARATION OF
JANICE HULL
Exhibit 1

**PREFERRED CHIROPRACTIC DOCTOR, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
MAY 31, 2012**

**Prepared by:
HULL & RUSSELL, P.C.
Certified Public Accountants
Clanton, Alabama**

Preferred Chiropractic Doctor, Inc.
Balance Sheet
As of May 31, 2012

ASSETS

Cash in bank	\$	11,008.95
Accounts receivable		15,000.00
Employee receivable		1,000.00
Receivable from shareholder		12,957.32
Machinery and Equipment		89,051.19
Furniture and Fixtures		4,402.00
Accumulated Depreciation		(93,052.95)
Prepaid rent		32,300.00
Investment		<u>201,027.00</u>

Total Assets \$ 273,693.51

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Accounts Payable	\$	24,063.32
Income Tax Payable		4,778.00
Payroll Tax Liabilities		2,269.99
Note Payable - Wells Fargo		<u>26,000.88</u>

Total Liabilities 57,112.19

Shareholder's Equity

Common Stock \$1par value, 1000sh. authorized		1,000.00
Retained Earnings - Prior		187,941.52
Retained Earnings - Current		<u>27,639.80</u>

Total Shareholder's Equity 216,581.32

Total Liabilities and Shareholder's Equity \$ 273,693.51

See independent auditors' report and notes to financial statements.

HULL & RUSSELL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

502 SECOND AVENUE SOUTH
CLANTON, ALABAMA 35045
(205) 755-0655
FAX: (205) 755-0631

JANICE L. HULL, C.P.A.
CRYSTAL C. RUSSELL, C.P.A.

MEMBERS
ALABAMA SOCIETY & AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors Report

To the Board of Directors and Stockholders of
Preferred Chiropractic Doctor, Inc.

We have audited the accompanying balance sheet of Preferred Chiropractic Doctor, Inc. as of May 31, 2012, and the related statements of income and retained earnings and cash flows for the year then ended. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Because membership fees are small, management has decided not to calculate and report deferred revenues.

In our opinion, except for the omission of information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Preferred Chiropractic Doctor, Inc. as of May 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Hull & Russell, P.C.

Clanton, Alabama
January 29, 2013

Preferred Chiropractic Doctor, Inc.
Statement of Income and Retained Earnings
For the Year Ended May 31, 2012

Revenues	
Membershp revenue	\$ <u>785,050.22</u>
Total Revenues	<u>785,050.22</u>
 Expenses	
Auto and Truck Expense	12,419.44
Bank Charges	2,492.73
Merchant Fees	4,685.25
Contract Services	47,053.43
Depreciation	1,074.60
Dues and Subscriptions	2,620.47
insurance - General	124,573.29
Payroll Taxes	23,051.41
Postage	49,519.41
Printing Expense	12,563.64
Professional Fees	19,058.75
Rent	9,200.00
Equipment Rental	15,853.93
Salaries - Wages	175,363.29
Salaries - Officers	174,461.58
Supplies - Office	27,091.16
Supplies - General	74.70
Taxes and License	447.30
Telephone	18,670.12
Travel	3,772.57
Meals and Entertainment	18,633.71
Contributions	<u>2,539.70</u>
Total Expenses	<u>745,220.48</u>
Net Operating Income	<u>39,829.74</u>
 Other Income and Expenses	
Interest income	700.00
Interest expense	(6,057.42)
Penalties	<u>(2,054.52)</u>
Income before income taxes	32,417.80
Income tax expense	<u>(4,778.00)</u>
Net Income (Loss)	<u>\$ 27,639.80</u>
Retained earnings, beginning	<u>187,941.52</u>
Retained earnings, ending	<u>\$ 215,581.32</u>

See independent auditors' report and notes to financial statements.

Preferred Chiropractic Doctor, Inc.
Statement of Cash Flows
For the Year Ended May 31, 2012

Cash flows from Operating activities:	
Memberships collected	\$ 785,050
Cash paid to employers	(349,825)
Cash paid to suppliers	(403,137)
Total operating revenues	<u>\$ 32,088</u>
Cash flows from Investing Activities:	
Interest received	<u>\$ 700</u>
Cash flows from Financing Activities	
Income tax paid	\$ (724)
Interest paid	(6,681)
Shareholders loan	(12,957)
Penalties paid	(2,055)
Principal paid on note	(19,166)
Net cash used for capital and related financing activities	<u>\$ (41,583)</u>
Cash flows from investing activities:	
Increase (decrease) in cash and cash equivalents	\$ (9,495)
Cash and cash equivalents, 06/01/11	<u>19,804</u>
Cash and cash equivalents, 05/31/12	<u>\$ 10,309</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Cash flows from operating activities:	
Operating income	\$ 39,830
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,075
(Increase) decrease in prepaid expenses	2,605
Increase (decrease) in accounts payable	(7,384)
Increase (decrease) in payroll taxes payable	(4,038)
Total adjustments	<u>\$ (7,742)</u>
Net cash provided by operating activities	<u>\$ 32,088</u>

See independent auditors' report and notes to financial statements.

Preferred Chiropractic Doctor, Inc.
Notes to Financial Statements
May 31, 2012

Note "1" – Significant Accounting Policies

Preferred Chiropractic Doctor, Inc. ("PCD") was incorporated June 1, 1993 and is a nationwide Discount Medical Plan Organization which contracts with chiropractors and consumers to guarantee consumers a minimum 25% discount on their care at participating chiropractic offices. The financial statements of PCD have been prepared in accordance with generally accepted accounting principles in the United States of America. The significant accounting and reporting policies and practices used by the company are set out below.

A. Revenue and Expense Recognition

Revenues and expenses are reported using the accrual basis of accounting. Revenues from memberships are recorded when they are earned. GAAP requires that membership fees collected during the year be recognized as the current portion (earned) and unearned or deferred portion. Since the cost of each membership is small, PCD has decided to recognize membership fees as they are collected. Expenses are reported when a liability is incurred.

B. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets.

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5-7

Expenditures for maintenance and repairs are charged against earnings as incurred. Costs of major additions and improvements are capitalized. Upon disposition or retirement of assets, the asset account is relieved of the cost item and accumulated depreciation is adjusted. Any resulting gain or loss is reflected in current income.

C. Use of Estimates

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

D. Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. Amounts for deferred taxes are estimates. Actual income tax calculation could be different. Deferred taxes are memo only and have not been reported on the financial statements.

E. Receivables

Receivables are reported net of uncollectible amounts. The company uses the direct write-off method for recording uncollectibles.

F. Investments

Investments are recorded at cost. If an "other-than-temporary" decline occurs, the investment will be written down.

G. Compensated Absences

The corporation has no written policy concerning compensated absences. No liability is recorded.

H. Advertising Costs

Advertising costs are expensed as incurred.

I. Date of Management's Review

Subsequent events have been evaluated through January 29, 2013, which is the date the financial statements were available to be issued.

Note "2" Cash and Cash Equivalents

Cash and cash equivalents include short term, highly liquid investments that are both:

A. Readily convertible to known amounts of cash

B. So near their maturities that they present insignificant risk of changes in value because of changes in interest rates (must have original maturities of three months or less)

Cash consists of a checking account and two money market accounts, insured by the Federal Deposit Insurance Corporation. At May 31, 2012, the cash balance per books was \$ 11,009, and the balance per the bank was \$38,508. All cash was FDIC insured. The Company has demand deposits only and is therefore not subject to credit risk disclosure.

Note "3" – Property and Equipment

	<u>05/31/12</u>
Assets	
Property and equipment	\$93,903
Accumulated depreciation	
Property and equipment	<u>(\$93,053)</u>
Net property and equipment	<u>\$ 805</u>
Depreciation expense	<u>\$ 1,075</u>

Note "4" – Investment

The company owns 6% of Indian Paintbrush Ranch, LLLP, a revitalization retreat located on 541 acres in Colorado. Generally, investments of less than 20% of an investee are accounted for by the cost method.

FASB ASC 820-10 gives guidance for fair value accounting. The investment is reported at cost of \$201,027. Using a cost approach under fair value accounting, level 2 input (quoted prices for similar assets) provides a value of \$225,000.

Note "5" – Receivables

Receivables are shown below.

Employee Rccivable	\$ 1,000
Receivable –Wellness Bound Publications	<u>15,000</u>
	<u>\$ 16,000</u>

Note "6" – Prepaid Expenses

Prepaid rent in the amount of \$32,000 is reported on financial statements. Rent expenses for the next 4 years are guaranteed as follows:

<u>Y/E</u>	
5/31/2013	\$ 6,500
5/31/2014	7,200
5/31/2015	7,200
5/31/2016	7,200
12/31/2016	<u>4,200</u>
	<u>\$32,300</u>

Note "7" – Accounts Payable

All accounts payable are current.

Note "8" – Notes Payable

In earlier years, PCD borrowed \$58,300 from Wells Fargo to finance a publishing endeavor. At year end, the balance was \$26,000.88.

Note to maturity schedule is shown below.

<u>Y/E</u>	<u>Principal</u>	<u>Interest</u>
5/31/2013	\$21,713	\$2,287
5/31/2014	<u>4,288</u>	<u>809</u>
	<u>\$26,001</u>	<u>\$3,096</u>

During the year, PCD paid \$20,253 principal and \$3,328 interest at a rate of 8.5%. At the writing of this report, PCD had increased principal payments and satisfied this debt.

Note "9" - Related Party Transactions

PCD rented office space from Dr. Stephen Below at a cost of \$500 per month. Fair market value of rental is \$500 to \$700 per month.

Note "10" - Risk Management

Preferred Chiropractic Doctor, Inc. manages its risk for workers compensation, property and general liability through the purchase of commercial insurance.

Note "11" - Income Taxes

No federal income tax was paid in the year ended May 31, 2011 due to a net operating loss. After application of \$1,347 carryover of NOL, \$3,347 federal tax was due. After application of \$1,323 NOL, \$1,405 Alabama income tax was payable.

Because GAAP presentation resulted in \$3,779 more taxable income than income tax presentation, an additional \$812 income tax expense has been calculated. No entry has been made in the financial statements as the difference is insignificant.

Uncertain Tax Position

Effective July 1, 2009, the Organization implemented the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740-10, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities.

PCD has filed all Federal returns and has reported all income and expenses on State of Alabama income tax returns. The federal return was corrected, and \$724 was paid to U.S. Treasury for 2009 return. Penalties of \$2,055 were assessed and paid in connection with late payments. Preferred Chiropractic Doctor, Inc. is no longer subject to federal tax examinations for the years prior to 2009.

HULL & RUSSELL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

502 SECOND AVENUE SOUTH
CLANTON, ALABAMA 35045
(205) 755-0635
FAX: (205) 755-0631

JANICE L. HULL, C.P.A.
CRYSTAL C. RUSSELL, C.P.A.

MEMBERS
ALABAMA SOCIETY & AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
Preferred Chiropractic Doctor, Inc.

We have compiled the accompanying forecasted balance sheets and statements of income and retained earnings of Preferred Chiropractic Doctor, Inc. as of May 31, 2013 and 2014, and for the years then ended, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation of forecasted statements is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying forecasted statements or assumptions. Furthermore, there will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management has elected to omit the forecasted statements of cash flows and summary of significant accounting policies required by the guidelines for presentations of a forecast established by the American Institute of Certified Public Accountants. If the omitted forecasted statements of cash flows and disclosures were included in the forecast, they might influence the user's conclusions about the Company's financial position, results of operation, and cash flows for the forecasted period. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Hull & Russell, P.C.

Clanton, Alabama
February 11, 2013

Preferred Chiropractic Doctor, Inc.
Forecasted Balance Sheets
As of May 31, 2013 and 2014

	2013	2014
ASSETS		
Cash in bank	\$ 84,250	\$ 130,930
Accounts receivable	5,000	5,000
Machinery and equipment	89,051	89,051
Furniture and fixtures	4,402	31,402
Accumulated depreciation	(93,453)	(95,381)
Prepaid rent	26,800	19,600
Investment	201,027	201,027
	\$ 317,077	\$ 381,629
	\$ 317,077	\$ 381,629

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Accounts Payable	\$ 12,000	\$ 12,000
Income tax payable	10,694	4,000
Payroll tax liabilities	6,000	7,000
	\$ 28,694	\$ 23,000
	\$ 28,694	\$ 23,000

Shareholder's Equity

Common stock \$1 par value, 1000sh. Authorized	1,000	1,000
Retained Earnings - Prior	215,581	287,383
Retained Earnings - Current	71,802	70,246
	\$ 288,383	\$ 358,629
	\$ 288,383	\$ 358,629

Total Liabilities and Shareholders' Equity	\$ 317,077	\$ 381,629
	\$ 317,077	\$ 381,629

See Accountants' Report

Preferred Chiropractic Doctor, Inc.
Forecasted Statements of Income and Retained Earnings
For the Years Ended May 31, 2013 and 2014

	2013	2014
Revenues		
Membership revenue	\$ 840,902	\$ 879,864
Total Revenues	840,902	879,864
Expenses		
Auto and truck expense	\$ 13,537	\$ 14,214
Bank charges	2,400	2,400
Merchant fees	4,872	4,800
Contract services	47,053	49,406
Depreciation	400	1,928
Ducs and subscriptions	2,620	2,800
Insurance - General	125,275	134,000
Payroll taxes	24,200	27,000
Postage	52,986	55,000
Printing expense	13,443	15,000
Professional fees	20,394	21,414
Rent	5,500	7,200
Equipment rental	15,800	17,000
Salaries - Wages	182,377	191,500
Salaries - Officers	174,462	175,000
Supplies - Office	21,230	25,200
Supplies - General	100	400
Taxes and license	447	600
Telephone	18,670	19,230
Travel	3,770	4,034
Meals and entertainment	11,330	16,692
Contributions	2,000	2,000
Total Expenses	\$ 742,866	\$ 786,818
Net Operating Income	98,036	93,046
Other Income and expenses		
Interest income	700	700
Interest expense	(3,000)	-
Income before income taxes	95,736	93,746
Income tax expense	(23,934)	(23,500)
Net Income (Loss)	\$ 71,802	\$ 70,246
Retained earnings, beginning	215,581	287,383
Retained earnings, ending	\$ 287,383	\$ 357,629

See Accountants' Report

Preferred Chiropractic Doctor, Inc.
Summary of Significant Forecast Assumptions
For the Forecasted Years Ending May 31, 2013 and 2014

Note – Summary of Significant Forecast Assumptions

This financial forecast presents, to the best of management's knowledge and belief, the Company's expected financial position and results of operations for the forecast periods. Accordingly, the forecast reflects management's judgment as of February 11, 2013, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenue

Management developed the revenue forecast by listing actual memberships by category for each of the last 3 years. Membership rates changed from a \$30 rate for single and \$45 for family memberships to a rate of \$37 for all memberships which includes the family. Preliminary figures project a 2% average rate increase. Membership revenues were then projected based on planned and expected changes in sales efforts and the new membership rates. Refunds are normally minimal and have been reflected in the revenue projections.

Expenses

Expenses are not necessarily functions of revenues. Assuming a decrease in accounts payable from year end May 31, 2012, expenses for the following year may be adjusted downward at next year end.

An increase of 7% is predicted in contract services, printing, postage, and professional fees from the past year to May 31, 2013. Increases in those same areas from May 31, 2013 to May 31, 2014 range from 4% to 11%.

Salaries are the most significant operating costs and account for approximately 48% of all operating expenses. Compensation of officers is not predicted to increase. Other salaries are scheduled to increase by 5% in each of the two forecasted years.

All other operating expenses are based on the prior year's amount and adjusted for known variations from changes in policies and plans.

Debt and Interest Expenses

The forecast assumes that Preferred Chiropractic Doctor, Inc. will obtain no additional debt in the forecast period and will satisfy the note on the financial statement at May 31, 2012 in the amount of \$26,001. Since satisfaction of the debt occurs in the year ending May 31, 2013, predicted interest expense for that year has been reduced by 50% of the base year.

Other Gain or Loss

No decrease is expected in the investment in Indian Paintbrush Ranch as two sales have been recorded during the year at the same cost as that of Preferred Chiropractic Doctor, Inc. There is no anticipated write-down due to an other-than-temporary decrease in market value.

Income Taxes

Forecasted income taxes have been calculated at 25% each year.

DECLARATION OF
JANICE HULL
Exhibit 2

**IRS e-file Signature Authorization
for Form 1120**

For calendar year 2012, or tax year beginning 6/01, 2012, ending 5/31, 2013.

2012

Department of the Treasury
Internal Revenue Service

▶ Do not send to the IRS. Keep for your records.
▶ Information about Form 8879-C and its instructions is at www.irs.gov/form1120.

Name of corporation **PREFERRED CHIROPRACTIC
DOCTOR, INC**

Employer identification number
63-1096738

Part I Tax Return Information (Whole dollars only)

1 Total income (Form 1120, line 11)	1	849,508.
2 Taxable income (Form 1120, line 30)	2	59,733.
3 Total tax (Form 1120, line 31)	3	2,815.
4 Amount owed (Form 1120, line 34)	4	2,866.
5 Overpayment (Form 1120, line 35)	5	

Part II Declaration and Signature Authorization of Officer (Be sure to get a copy of the corporation's return)

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2012 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize MCKINNEY & LIVELY, PC to enter my PIN [REDACTED] as my signature
ERO firm name do not enter all zeros
on the corporation's 2012 electronically filed income tax return.

As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2012 electronically filed income tax return.

Officer's signature _____ Date _____ Title PRESIDENT

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. [REDACTED]
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2012 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub 3112**, IRS e-file Application and Participation, and **Pub 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature _____ Date _____

**ERO Must Retain This Form – See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So**

U.S. Corporation Income Tax Return

For calendar year 2012 or tax year beginning 6/01, 2012, ending 5/31, 2013

2012

Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

<p>Check if:</p> <p><input type="checkbox"/> a Consolidated return (attach Form 851)</p> <p><input type="checkbox"/> b Life/nonlife consolidated return</p> <p><input type="checkbox"/> 2 Personal holding co (attach Sch PH)</p> <p><input type="checkbox"/> 3 Personal service corp (see instrs)</p> <p><input type="checkbox"/> 4 Schedule M-3 attached</p>	<p>TYPE OR PRINT</p> <p>PREFERRED CHIROPRACTIC DOCTOR, INC 507 2ND AVE SOUTH CLANTON, AL 35045</p>	<p>B Employer identification number 63-1096738</p> <p>C Date incorporated 6/01/1993</p> <p>D Total assets (see instructions) \$ 179,607.</p>	<p>E Check if: <input type="checkbox"/> (1) Initial return <input type="checkbox"/> (2) Final return <input type="checkbox"/> (3) Name change <input type="checkbox"/> (4) Address change</p>
--	---	---	--

INCOME	<p>1 a Gross receipts or sales 1 a 848,844.</p> <p>b Returns and allowances 1 b</p> <p>c Balance. Subtract line 1b from line 1a 1 c 848,844.</p> <p>2 Cost of goods sold (attach Form 1125-A) 2</p> <p>3 Gross profit. Subtract line 2 from line 1c 3 848,844.</p> <p>4 Dividends (Schedule C, line 19) 4</p> <p>5 Interest 5 664.</p> <p>6 Gross rents 6</p> <p>7 Gross royalties 7</p> <p>8 Capital gain net income (attach Schedule D (Form 1120)) 8</p> <p>9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9</p> <p>10 Other income (see instructions — attach schedule) 10</p> <p>11 Total income. Add lines 3 through 10. 11 849,508.</p>	
DEDUCTIONS	<p>12 Compensation of officers (see instructions — attach Form 1125-E) 12 168,000.</p> <p>13 Salaries and wages (less employment credits) 13 172,345.</p> <p>14 Repairs and maintenance 14</p> <p>15 Bad debts 15 15,000.</p> <p>16 Rents 16 26,399.</p> <p>17 Taxes and licenses 17 34,714.</p> <p>18 Interest 18 3,111.</p> <p>19 Charitable contributions 19 2,946.</p> <p>20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) 20 5,656.</p> <p>21 Depletion 21</p> <p>22 Advertising 22 120.</p> <p>23 Pension, profit-sharing, etc. plans 23</p> <p>24 Employee benefit programs 24</p> <p>25 Domestic production activities deduction (attach Form 8903) 25</p> <p>26 Other deductions (attach statement) 26 SEE STATEMENT 1</p> <p>27 Total deductions. Add lines 12 through 26. 27 789,775.</p> <p>28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 28 59,733.</p> <p>29 a Net operating loss deduction (see instructions) 29 a</p> <p>b Special deductions (Schedule C, line 20) 29 b</p> <p>c Add lines 29a and 29b 29 c</p>	
TAXES AND CREDITS	<p>30 Taxable income. Subtract line 29c from line 28 (see instructions) 30 59,733.</p> <p>31 Total tax (Schedule J, Part I, line 11) 31 2,815.</p> <p>32 Total payments and refundable credits (Schedule J, Part II, line 21) 32 0.</p> <p>33 Estimated tax penalty (see instructions). Check if Form 2220 is attached. <input checked="" type="checkbox"/> 33 51.</p> <p>34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed. 34 2,866.</p> <p>35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid 35</p> <p>36 Enter amount from line 35 you want: Credited to 2013 estimated tax. 36 Refunded</p>	

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: _____ Date: _____ Title: **PRESIDENT**

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

Paid Preparer's Only

Print/preparer's name: **DAVID A. MCKINNEY** Prepare's signature: _____ Date: _____

Firm's name: **MCKINNEY & LIVELY, PC** Check if self-employed P/EIN: **P00496393**

Firm's address: **408 2ND AVE S** Firm's EIN: **27-4025072**

CLANTON, AL 35045-3512 Phone no.: **(205) 755-9019**

Schedule C Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
4 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule J Tax Computation and Payment (see instructions)

Part I – Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))		
2	Income tax. Check if a qualified personal service corporation (see instructions)		9,933.
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		9,933.
5a	Foreign tax credit (attach Form 1118)	5a	
5b	Credit from Form 8834, line 30 (attach Form 8834)	5b	
5c	General business credit (attach Form 3800)	5c	7,118.
5d	Credit for prior year minimum tax (attach Form 8827)	5d	
5e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5c	6	7,118.
7	Subtract line 6 from line 4	7	2,815.
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9a	Recapture of investment credit (attach Form 4255)	9a	
9b	Recapture of low-income housing credit (attach Form 8611)	9b	
9c	Interest due under the look-back method – completed long-term contracts (attach Form 8697)	9c	
9d	Interest due under the look-back method – income forecast method (attach Form 8866)	9d	
9e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
9f	Other (see instructions – attach statement)	9f	
10	Total. Add lines 9a through 9f	10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31	11	2,815.

Part II – Payments and Refundable Credits

12	2011 overpayment credited to 2012	12	
13	2012 estimated tax payments	13	
14	2012 refund applied for on Form 4466	14	
15	Combine lines 12, 13, and 14	15	0.
16	Tax deposited with Form 7004	16	
17	Withholding (see instructions)	17	
18	Total payments. Add lines 15, 16 and 17	18	0.
19	Refundable credits from:		
19a	Form 2439	19a	
19b	Form 4136	19b	
19c	Form 8827, line 8c	19c	
19d	Other (attach statement – see instructions)	19d	
20	Total credits. Add lines 19a through 19d	20	
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32	21	0.

Schedule K Other Information (see instructions)

1	Check accounting method	a <input checked="" type="checkbox"/> Cash	b <input type="checkbox"/> Accrual	c <input type="checkbox"/> Other (specify) ▶	Yes	No	
2	See the instructions and enter the:						
a	Business activity code no.	▶ 541990					
b	Business activity	▶ CHIRO. MKTG SERVICE					
c	Product or service	▶ MARKETING					
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?						X
	If 'Yes,' enter name and EIN of the parent corporation ▶						
4	At the end of the tax year:						
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part I of Schedule G (Form 1120) (attach Schedule G)						X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part II of Schedule G (Form 1120) (attach Schedule G)					X	

Schedule K Other Information *continued* (see instructions)

5 At the end of the tax year, did the corporation:	Yes	No
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851 , Affiliations Schedule? For rules of constructive ownership, see instructions.		X
If 'Yes,' complete (i) through (iv) below.		

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions.	Yes	No
		X
If 'Yes,' complete (i) through (iv) below.		

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
If 'Yes,' file Form 5452 , Corporate Report of Nondividend Distributions.		
If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary		
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?		X
For rules of attribution, see section 318. If 'Yes,' enter:		
(i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____		
(c) The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount	<input type="checkbox"/>	
If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____		NONE
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ <u>3</u>		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here	<input type="checkbox"/>	
If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____		NONE
13 Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?		X
If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$ _____		
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?		X
If 'Yes,' complete and attach Schedule UTP.		
15a Did the corporation make any payments in 2012 that would require it to file Form(s) 1099?	X	
b If 'Yes,' did or will the corporation file required Forms 1099?	X	
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?		X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million		X

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		11,007.		48,437.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement) SEE ST. 2		1,000.		
7	Loans to shareholders SEE ST. 3		33,207.		33,207.
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	93,453.		99,079.	
b	Less accumulated depreciation	93,053.	400.	94,578.	4,501.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)		25,000.		25,000.
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach statement) SEE ST. 4		82,801.		68,462.
15	Total assets		153,415.		179,607.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year		26,001.		
18	Other current liabilities (attach stmt) SEE ST. 5		2,270.		3,373.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock: a Preferred stock				
b	Common stock	1,000.	1,000.	1,000.	1,000.
23	Additional paid-in capital				
24	Retained earnings - Approp (att stmt)				
25	Retained earnings - Unappropriated		124,144.		175,234.
26	Adjmt to shareholders' equity (att stmt)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		153,415.		179,607.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return			
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions			
1	Net income (loss) per books	51,090.	7. Income recorded on books this year not included on this return (itemize):
2	Federal income tax per books		Tax-exempt interest \$
3	Excess of capital losses over capital gains		
4	Income subject to tax not recorded on books this year (itemize):		
5	Expenses recorded on books this year not deducted on this return (itemize):		8. Deductions on this return not charged against book income this year (itemize):
a	Depreciation \$		a Depreciation \$ 4,131.
b	Charitable contributions \$		b Charitable contribns \$
c	Travel & entertainment \$ 5,656.		
	STATEMENT 6 7,118.		
		12,774.	9 Add lines 7 and 8. 4,131.
6	Add lines 1 through 5	63,864.	10 Income (page 1, line 28) - line 6 less line 9 59,733.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)			
1	Balance at beginning of year	124,144.	5 Distributions: a Cash
2	Net income (loss) per books	51,090.	b Stock c Property
3	Other increases (itemize):		6 Other decreases (itemize):
4	Add lines 1, 2, and 3	175,234.	7 Add lines 5 and 6
			8 Balance at end of year (line 4 less line 7) 175,234.

Name(s) shown on return		Identifying number
PREFERRED CHIROPRACTIC DOCTOR, INC		63-1096738
1a	Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (see instructions).....	5
b	Enter the employer identification number (EIN) used to report employment taxes for individuals included on line 1a (see instructions).....	
2	Enter the number of full-time equivalent employees you had for the tax year (see instructions). If you entered 25 or more, skip lines 3 through 11 and enter -0- on line 12.....	5
3	Average annual wages you paid for the tax year (see instructions). If you entered \$50,000 or more, skip lines 4 through 11 and enter -0- on line 12.....	30,000.
4	Premiums you paid during the tax year for employees included on line 1a for health insurance coverage under a qualifying arrangement (see instructions).....	62,931.
5	Premiums you would have entered on line 4 if the total premium for each employee equaled the average premium for the small group market in which you offered health insurance coverage (see instructions).....	25,420.
6	Enter the smaller of line 4 or line 5.....	25,420.
7	Multiply line 6 by the applicable percentage: • Tax-exempt small employers, multiply line 6 by 25% (.25) • All other small employers, multiply line 6 by 35% (.35).....	8,897.
8	If line 2 is 10 or less, enter the amount from line 7. Otherwise, see instructions.....	8,897.
9	If line 3 is \$25,000 or less, enter the amount from line 8. Otherwise, see instructions.....	7,118.
10	Enter the total amount of any state premium subsidies paid and any state tax credits available to you for premiums included on line 4 (see instructions).....	
11	Subtract line 10 from line 4. If zero or less, enter -0-.....	62,931.
12	Enter the smaller of line 9 or line 11.....	7,118.
13	If line 12 is zero, skip lines 13 and 14 and go to line 15. Otherwise, enter the number of employees included on line 1a for whom you paid premiums during the tax year for health insurance coverage under a qualifying arrangement (see instructions).....	5
14	Enter the number of full-time equivalent employees you would have entered on line 2 if you only included employees included on line 13.....	5
15	Credit for small employer health insurance premiums from partnerships, S corporations, cooperatives, estates, and trusts (see instructions).....	
16	Add lines 12 and 15. Cooperatives, estates, and trusts, go to line 17. Tax-exempt small employers, skip lines 17 and 18 and go to line 19. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, line 4h.....	7,118.
17	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions).....	
18	Cooperatives, estates, and trusts, subtract line 17 from line 16. Stop here and report this amount on Form 3800, line 4h.....	
19	Enter the amount you paid in 2012 for taxes considered payroll taxes for purposes of this credit (see instructions).....	
20	Tax-exempt small employers, enter the smaller of line 16 or line 19 here and on Form 990-T, line 44f.....	

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 8941 (2012)

General Business Credit

Department of the Treasury
Internal Revenue Service (99)

▶ Information about Form 3800 and its separate instructions is at www.irs.gov/form3800.
▶ Attach to your tax return.

2012
Attachment
Sequence No. **22**

Name(s) shown on return

PREFERRED CHIROPRACTIC
DOCTOR, INC

Identifying number

63-1096738

Part I Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)
(See instructions and complete Part(s) III before Parts I and II)

1	General business credit from line 2 of all Parts III with box A checked.	1	
2	Passive activity credits from line 2 of all Parts III with box B checked.	2	
3	Enter the applicable passive activity credits allowed for 2012 (see instructions).	3	
4	Carryforward of general business credit to 2012. Enter the amount from line 2 of Part III with box C checked. See instructions for statement to attach.	4	
5	Carryback of general business credit from 2013. Enter the amount from line 2 of Part III with box D checked (see instructions).	5	
6	Add lines 1, 3, 4 and 5.	6	

Part II Allowable Credit

7	Regular tax before credits: • Individuals. Enter the amount from Form 1040, line 44, or Form 1040NR, line 42 • Corporations. Enter the amount from Form 1120, Schedule J, Part I, line 2; or the applicable line of your return. • Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return.	7	9,933.
8	Alternative minimum tax: • Individuals. Enter the amount from Form 6251, line 35. • Corporations. Enter the amount from Form 4626, line 14. • Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56.	8	
9	Add lines 7 and 8.	9	9,933.
10a	Foreign tax credit.	10a	
b	Certain allowable credits (see instructions).	10b	
c	Add lines 10a and 10b.	10c	
11	Net income tax. Subtract line 10c from line 9. If zero, skip lines 12 through 15 and enter -0- on line 16a.	11	9,933.
12	Net regular tax. Subtract line 10c from line 7. If zero or less, enter -0-.	12	9,933.
13	Enter 25% (.25) of the excess, if any, of line 12 over \$25,000 (see instructions).	13	
14	Tentative minimum tax: • Individuals. Enter the amount from Form 6251, line 33. • Corporations. Enter the amount from Form 4626, line 12. • Estates and trusts. Enter the amount from Schedule I (Form 1041), line 54.	14	0.
15	Enter the greater of line 13 or line 14.	15	
16a	Subtract line 15 from line 11. If zero or less, enter -0-.	16a	9,933.
b	Reserved.	16b	
c	Reserved.	16c	
17a	Enter the smaller of line 6 or line 16a. C corporations: See the line 17a instructions if there has been an ownership change, acquisition, or reorganization.	17a	0.
b	Reserved.	17b	
c	Reserved.	17c	

Part II Allowable Credit (Continued)

Note. If you are not required to report any amounts on lines 22 or 24 below, skip lines 18 through 25 and enter -0- on line 25.

18	Multiply line 14 by 75% (.75) (see instructions).....	18	
19	Enter the greater of line 13 or line 18.....	19	
20	Subtract line 19 from line 11. If zero or less, enter -0-.....	20	
21	Subtract line 17a from line 20. If zero or less, enter -0-.....	21	
22	Combine the amounts from line 3 of all Parts III with box A, C, or D checked.....	22	
23	Passive activity credit from line 3 of all Parts III with box B checked.....	23	
24	Enter the applicable passive activity credit allowed for 2012 (see instructions).....	24	
25	Add lines 22 and 24.....	25	
26	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 21 or line 25.....	26	0.
27	Subtract line 13 from line 11. If zero or less, enter -0-.....	27	9,933.
28	Add lines 17a and 26.....	28	
29	Subtract line 28 from line 27. If zero or less, enter -0-.....	29	9,933.
30	Enter the general business credit from line 5 of all Parts III with box A checked.....	30	7,118.
31	Enter the total eligible small business credit from line 6 of all Parts III with box E checked.....	31	
32	Passive activity credits from line 5 of all Parts III with box B checked and line 6 of all Parts III with box F checked.....	32	
33	Enter the applicable passive activity credits allowed for 2012 (see instructions).....	33	
34	Carryforward of business credit to 2012. Enter the amount from line 5 of Part III with box C checked and line 6 of all Parts III with box G checked. See instructions for statement to attach.....	34	
35	Carryback of business credit from 2013. Enter the amount from line 5 of Part III with box D checked and line 6 of all Parts III with box H checked (see instructions).....	35	
36	Add lines 30, 31, 33, 34, and 35.....	36	7,118.
37	Enter the smaller of line 29 or line 36.....	37	7,118.
38	Credit allowed for the current year. Add lines 28 and 37. Report the amount from line 38 (if smaller than the sum of Part I, line 6 and Part II, lines 25 and 36, see instructions) as indicated below or on the applicable line of your return: • Individuals. Form 1040, line 53, or Form 1040NR, line 50..... • Corporations. Form 1120, Schedule J, Part I, line 5c..... • Estates and trusts. Form 1041, Schedule G, line 2b.....	38	7,118.

Name(s) shown on return

Identifying number

PREFERRED CHIROPRACTIC 63-1096738

Part III General Business Credits or Eligible Small Business Credits (see instructions)

Complete a separate Part III for each box checked below. (see instructions)

- A General Business Credit From a Non-Passive Activity
- B General Business Credit From a Passive Activity
- C General Business Credit Carryforwards
- D General Business Credit Carrybacks
- E Eligible Small Business Credit From a Non-Passive Activity
- F Eligible Small Business Credit From a Passive Activity
- G Eligible Small Business Credit Carryforwards
- H Eligible Small Business Credit Carrybacks

If you are filing more than one Part III for boxes A, B, E, or F checked, complete and attach first an additional Part III combining amounts from all Parts III with boxes A, B, E, or F checked. Check here if this is the consolidated Part III.

(a) Description of credit		(b) If claiming the credit from a pass-through entity, enter the EIN	(c) Enter the appropriate amount
Note: On any line where the credit is from more than one source, a separate Part III is needed for each pass-through entity.			
1 a	Investment (Form 3468, Part II only) (attach Form 3468)	1 a	
b	Reserved	1 b	
c	Increasing research activities (Form 6765)	1 c	
d	Low-income housing (Form 8586, Part I only)	1 d	
e	Disabled access (Form 8826) (see instructions for limitation)	1 e	
f	Renewable electricity, refined coal, and Indian coal production (Form 8835)	1 f	
g	Indian employment (Form 8845)	1 g	
h	Orphan drug (Form 8820)	1 h	
i	New markets (Form 8874)	1 i	
j	Small employer pension plan startup costs (Form 8881) (see instructions for limitation)	1 j	
k	Employer-provided child care facilities and services (Form 8882) (see instructions for limitation)	1 k	
l	Biodiesel and renewable diesel fuels (attach Form 8864)	1 l	
m	Low sulfur diesel fuel production (Form 8896)	1 m	
n	Distilled spirits (Form 8906)	1 n	
o	Nonconventional source fuel (Form 8907)	1 o	
p	Energy efficient home (Form 8908)	1 p	
q	Energy efficient appliance (Form 8909)	1 q	
r	Alternative motor vehicle (Form 8910)	1 r	
s	Alternative fuel vehicle refueling property (Form 8911)	1 s	
t	Reserved	1 t	
u	Mine rescue team training (Form 8923)	1 u	
v	Agricultural chemicals security (Form 8931) (see instructions for limitation)	1 v	
w	Employer differential wage payments (Form 8932)	1 w	
x	Carbon dioxide sequestration (Form 8933)	1 x	
y	Qualified plug-in electric drive motor vehicle (Form 8936)	1 y	
z	Qualified plug-in electric vehicle (Form 8834, Part I only)	1 z	
aa	Now hire retention (Form 5884-B)	1 aa	
bb	General credits from an electing large partnership (Schedule K-1 (Form 1065-B))	1 bb	
zz	Other	1 zz	
2	Add lines 1a through 1zz and enter here	2	
3	Enter the amount from Form 8844	3	
4 a	Investment (Form 3468, Part III) (attach Form 3468)	4 a	
b	Work opportunity (Form 5884)	4 b	
c	Alcohol and cellulosic biofuel fuels (Form 6478)	4 c	
d	Low-income housing (Form 8586, Part II)	4 d	
e	Renewable electricity, refined coal, and Indian coal production (Form 8835)	4 e	
f	Employer social security and Medicare taxes paid on certain employee tips (Form 8846)	4 f	
g	Qualified railroad track maintenance (Form 8900)	4 g	
h	Small employer health insurance premiums (Form 8941)	4 h	7,118.
i	Reserved	4 i	
j	Reserved	4 j	
z	Other	4 z	
5	Add lines 4a through 4z and enter here	5	7,118.
6	Add lines 2, 3, and 5	6	7,118.

Underpayment of Estimated Tax by Corporations

2012

Department of the Treasury
Internal Revenue Service

► Attach to the corporation's tax return.
► Information about Form 2220 and its separate instructions is at www.irs.gov/form2220.

Employer identification number
PREFERRED CHIROPRACTIC DOCTOR, INC

Employer identification number
63-1096738

Note: Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but do not attach Form 2220.

Part I Required Annual Payment

1	Total tax (see instructions)	1	2,815.
2 a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2 a	
b	Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2 b	
c	Credit for federal tax paid on fuels (see instructions)	2 c	
d	Total. Add lines 2a through 2c	2 d	
3	Subtract line 2d from line 1. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty	3	2,815.
4	Enter the tax shown on the corporation's 2011 income tax return (see instructions). Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5.	4	3,347.
5	Required annual payment. Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3	5	2,815.

Part II Reasons for Filing — Check the boxes below that apply. If any boxes are checked, the corporation must file Form 2220 even if it does not owe a penalty (see instructions).

- 6 The corporation is using the adjusted seasonal installment method.
- 7 The corporation is using the annualized income installment method.
- 8 The corporation is a 'large corporation' figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment

	(a)	(b)	(c)	(d)	
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9	9/15/12	11/15/12	2/15/13	5/15/13
10 Required installments. If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column.	10	703.	704.	704.	704.
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15	11				
Complete lines 12 through 18 of one column before going to the next column.					
12 Enter amount, if any, from line 18 of the preceding column	12				
13 Add lines 11 and 12	13				
14 Add amounts on lines 16 and 17 of the preceding column	14		703.	1,407.	2,111.
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	0.	0.	0.	0.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		703.	1,407.	
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17	703.	704.	704.	704.
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column.	18				

► to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17 — no penalty is owed.

Part IV Figuring the Penalty

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.)	19 8/15/13	8/15/13	8/15/13	8/15/13
20 Number of days from due date of installment on line 9 to the date shown on line 19	20 334	273	181	92
21 Number of days on line 20 after 4/15/2012 and before 7/1/2012	21			
22 Underpayment on line 17 x $\frac{\text{Number of days on line 21}}{366}$ x 3%	22			
23 Number of days on line 20 after 6/30/2012 and before 10/1/2012	23 15			
24 Underpayment on line 17 x $\frac{\text{Number of days on line 23}}{366}$ x 3%	24 0.86			
25 Number of days on line 20 after 9/30/2012 and before 1/1/2013	25 92	46		
26 Underpayment on line 17 x $\frac{\text{Number of days on line 25}}{366}$ x 3%	26 5.30	2.65		
27 Number of days on line 20 after 12/31/2012 and before 4/1/2013	27 90	90	44	
28 Underpayment on line 17 x $\frac{\text{Number of days on line 27}}{365}$ x 3%	28 5.20	5.21	2.55	
29 Number of days on line 20 after 3/31/2013 and before 7/1/2013	29 91	91	91	46
30 Underpayment on line 17 x $\frac{\text{Number of days on line 29}}{365}$ x 3%	30 5.26	5.27	5.27	2.66
31 Number of days on line 20 after 6/30/2013 and before 10/1/2013	31 46	46	46	46
32 Underpayment on line 17 x $\frac{\text{Number of days on line 31}}{365}$ x 3%	32 2.66	2.66	2.66	2.66
33 Number of days on line 20 after 9/30/2013 and before 1/1/2014	33			
34 Underpayment on line 17 x $\frac{\text{Number of days on line 33}}{365}$ x %	34			
35 Number of days on line 20 after 12/31/2013 and before 2/16/2014	35			
36 Underpayment on line 17 x $\frac{\text{Number of days on line 35}}{365}$ x %	36			
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36	37 19.28	15.79	10.48	5.32
38 Penalty. Add columns (a) through (d) of line 37. Enter the total here and on Form 1120, line 33; or the comparable line for other income tax returns	38			51.

Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov. You can also call 1-800-829-4933 to get interest rate information.

**Depreciation and Amortization
(Including Information on Listed Property)**

2012

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. **179**

Name(s) shown on return **PREFERRED CHIROPRACTIC
DOCTOR, INC**

Identifying number
63-1096738

Business or activity to which this form relates

FORM 1120

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	5,626.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
5	YEAR CLASS	5,626.	5,626.
7	Listed property. Enter the amount from line 29.	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	5,626.
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	5,626.
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	0.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs.)	11	68,305.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	5,626.
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12.	13	0.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	30.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here. <input type="checkbox"/>		

Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28.	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.	22	5,656.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

STATEMENT 1
FORM 1120, LINE 26
OTHER DEDUCTIONS

AUTO AND TRUCK.....	\$	10,360.
BANK CHARGES.....		2,448.
CONTRACT SERVICES.....		62,242.
DUES AND SUBSCRIPTIONS.....		3,332.
INSURANCE.....		119,738.
LEGAL AND PROFESSIONAL.....		29,979.
MEALS AND ENTERTAINMENT.....		5,657.
MERCHANT FEES.....		5,707.
PORTFOLIO DEDUCTIONS - INDIAN PAINTBRUSH RANCH, LLC.....		653.
POSTAGE.....		45,025.
PRINTING.....		12,478.
SUPPLIES.....		48,376.
TRAVEL.....		1,613.
UTILITIES.....		20,994.
REDUCTION FOR SMALL EMPLOYER HEALTH INSURANCE PREMIUMS CREDIT.....		-7,118.
	TOTAL \$	<u>361,484.</u>

STATEMENT 2
FORM 1120, SCHEDULE L, LINE 6
OTHER CURRENT ASSETS

	BEGINNING	ENDING
EMPLOYEE LOANS.....	\$ 1,000.	\$ 0.
TOTAL	<u>\$ 1,000.</u>	<u>\$ 0.</u>

STATEMENT 3
FORM 1120, SCHEDULE L, LINE 7
LOANS TO SHAREHOLDERS

	BEGINNING	ENDING
.....	\$ 33,207.	\$ 33,207.
TOTAL	<u>\$ 33,207.</u>	<u>\$ 33,207.</u>

STATEMENT 4
FORM 1120, SCHEDULE L, LINE 14
OTHER ASSETS

	BEGINNING	ENDING
INDIAN PAINTBRUSH.....	\$ 62,801.	\$ 63,462.
INVESTMENT-ELS, INC.....	5,000.	5,000.
NOTE RECEIVABLE.....	15,000.	0.
TOTAL	<u>\$ 82,801.</u>	<u>\$ 68,462.</u>

PREFERRED CHIROPRACTIC
DOCTOR, INC

63-1096738

STATEMENT 5
FORM 1120, SCHEDULE L, LINE 18
OTHER CURRENT LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
PAYROLL TAX LIABILITY.....	\$ 2,270.	\$ 3,373.
TOTAL	<u>\$ 2,270.</u>	<u>\$ 3,373.</u>

STATEMENT 6
FORM 1120, SCHEDULE M-1, LINE 5
BOOK EXPENSES NOT DEDUCTED

SMALL EMPLOYER HEALTH INSURANCE PREMIUMS CREDIT.....	\$ 7,118.
TOTAL	<u>\$ 7,118.</u>

DECLARATION OF
JANICE HULL
Exhibit 3



Provider Questionnaire

Preferred Chiropractic Doctor, Inc. • 507 2nd Avenue South • Clanton, AL 35045
Phone: (800) 239-3552 Fax: (888) 755-9005 / (205) 755-7663
www.BeWell2.com • info@bewell2.com

To Be Completed By Hull&Russell:

PCD Provider # 1160

Received: 1/1/

Primo to 8/31

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013**.
Your input is very important. Thank you for your participation.

First Name Maria MI J Last Name BEST
Clinic Name ^{DBA} Family Chiropractic Ctr - MJ Best Chiropractic Inc
Address 1832 Scott Rd B-1 City Freeland ST WA Zip Code 98249

I certify that I am a participating PCD Provider, but request to remain anonymous.

- I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
- The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
- In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
- If you had any complaints from your patients regarding PCD, what were they specifically about? _____
- Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
- When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) 3/2013 when I received letter from PCD
- In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
- If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.) _____

...continued on back

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.
 Strongly agree Agree Neutral Disagree Strongly disagree

10. How long, or about how long have you utilized the PCD program in your office? 6 1/2 years

11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits

12. For a typical, uncomplicated office visit, what is your regular fee? \$64,00
How much is your fee for this same type of patient who is a member of PCD? \$48,00

13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial

14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No

15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care

16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care

17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access

18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.)

Since PCD was registered with WA state, and I am registered with PCD and the state, WA state should have notified me as a practitioner when
PCD.081302 The law changed.



Provider Questionnaire

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To Be Completed By Hull&Russell:

PCD Provider # 5885

Received: / /

Prior to 8/31

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013**.
Your input is very important. Thank you for your participation.

First Name Robert MI Last Name KELLEY

Clinic Name WAPATO Chiropractic Clinic

Address 715 WEST 1ST ST City WAPATO ST WA Zip Code 98951

I certify that I am a participating PCD Provider, but request to remain anonymous.

1. I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
2. The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
3. In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
4. If you had any complaints from your patients regarding PCD, what were they specifically about?
No complaints
5. Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
6. When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) in 2013? when ever it was that I was notified by PCD (2012 or 2013)
7. In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
8. If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.)

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient. It is also compassionate to those in need.
 Strongly agree Agree Neutral Disagree Strongly disagree
10. How long, or about how long have you utilized the PCD program in your office? A FEW YEARS AT THIS LOCATION, A FEW YEARS AT ANOTHER LOCATION.
11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits
12. For a typical, uncomplicated office visit, what is your regular fee? 65⁰⁰
 How much is your fee for this same type of patient who is a member of PCD? 30 NOW 40
13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial The program solves a problem created by the insurance industry.
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial
14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No
15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care? SEE NOTE: NOTE: TO BE HONEST ABOUT THIS, I WILL GIVE GREAT DISCOUNTS TO THOSE IN NEED ANYWAY. MAKING DISCOUNTING A VIOLATION IS VERY INAPPROPRIATE AND CALLOUSED; PUTTING BUSINESS OVER PATIENT.
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care
16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office? SEE NOTE:
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community? The RCW simply (and once again) disrupts the relationship between two people wanting to do business with each other. Personally I believe it is the result of insurance co. pressure to eliminate the business category.
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access
18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.) IT IS MISGUIDED.
RCW 48.155.020 should be no more than a form to the state with a low fee application so the state is aware of the activity. as it is, the state is disrupting business and overbearing - NOT SERVING

PCD 081313

2/20/13



Provider Questionnaire

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To Be Completed By Hull&Russell:

PCD Provider # 5741

Received: / /

Printed 8/31

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013.**

Your input is very important. Thank you for your participation.

First Name Wayne MI S Last Name Smith

Clinic Name HealthSource of Pasco

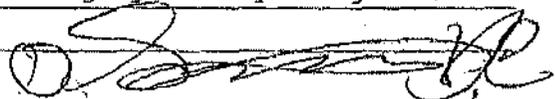
Address 1211 N. 20th Ave. City Pasco ST WA Zip Code 99301

I certify that I am a participating PCD Provider, but request to remain anonymous.

1. I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
2. The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
3. In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
4. If you had any complaints from your patients regarding PCD, what were they specifically about? _____
N/A
5. Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
6. When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) Nov., 2012
7. In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
8. If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.) _____
N/A

...continued on back

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.
 Strongly agree Agree Neutral Disagree Strongly disagree
10. How long, or about how long have you utilized the PCD program in your office? 8 years
11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits
12. For a typical, uncomplicated office visit, what is your regular fee? \$52
 How much is your fee for this same type of patient who is a member of PCD? \$36
13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial
14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No
15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care
16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access
18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.)
We have lots of patients who were able to afford life changing care by using PCD.





Provider Questionnaire

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To Be Completed By Hull&Russell:

PCD Provider # 5115

Received: 8/20/13

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013**.
Your input is very important. Thank you for your participation.

First Name Patrick MI C Last Name Dougherty

Clinic Name Chiropractic LifeCenter, Inc.

Address 2110 N. Washington St. #1 City Spokane ST WA Zip Code 99205

I certify that I am a participating PCD Provider, but request to remain anonymous.

- I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
- The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
- In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
- If you had any complaints from your patients regarding PCD, what were they specifically about? _____
- Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
- When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) ~ Jan 2013, letter from PCD
- In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
- If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.) _____

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.
 Strongly agree Agree Neutral Disagree Strongly disagree
10. How long, or about how long have you utilized the PCD program in your office? 3rd Discount Plan ~ 15 years
Denver until 10/04
11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits
1 VISIT
12. For a typical, uncomplicated office visit, what is your regular fee? 59⁰⁰, but visit 1 is minimum \$100
 How much is your fee for this same type of patient who is a member of PCD? 36.43 or PCD 70
13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial
14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No
15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care
16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access
18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.)
Was not aware of the RCW. I just know that a discount plan levels the playing field somewhat in a perverse world where insurance companies demand so much & deliver so little to many of our practice members
Pat [unclear] DC.



Provider Questionnaire

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To Be Completed By Hull&Russell:

PCD Provider # [redacted]

Received: ___/___/___

Printed to 8/31

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013**.
Your input is very important. Thank you for your participation.



I certify that I am a participating PCD Provider, but request to remain anonymous.

- I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
- The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
- In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
- If you had any complaints from your patients regarding PCD, what were they specifically about? _____
There have been no complaints, whatsoever.
- Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
- When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) *Only when PCD contacted my office. There has never been a regulatory agency*
- In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.) *communications.*
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
- If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.)
The issue is this DPO - PCD - helps patients who want chiropractic HEALTH CARE, and it helps their out-of-pocket expense to make it affordable. In my professional opinion standard insurance practice hinders coverage to chiropractic care by design - in multiple ways. ...continued on back

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.
 Strongly agree Agree Neutral Disagree Strongly disagree
10. How long, or about how long have you utilized the PCD program in your office? 4-5 yrs
11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits
12. For a typical, uncomplicated office visit, what is your regular fee? \$130
 How much is your fee for this same type of patient who is a member of PCD? \$45
13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial
14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No
15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care
16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access
18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper)
PCD really allows my office to give choice for our patients to choose care, and without limiting visits and procedures that insurance policy does.

DECLARATION OF
JANICE HULL

Exhibit 4



Provider Questionnaire

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To Be Completed By Hull&Russell;

PCD Provider # 1232

Received: 9/4/13

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013.**

Your input is very important. Thank you for your participation.

First Name Brian MI A Last Name Howlett
Clinic Name Clarkston Chiropractic
Address 428 5th St. City Clarkston ST WA Zip Code 99403

I certify that I am a participating PCD Provider, but request to remain anonymous.

- I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
- The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
- In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
- If you had any complaints from your patients regarding PCD, what were they specifically about? _____
- Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.165.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
- When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) _____
- In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
- If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.) no

...continued on back

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.
 Strongly agree Agree Neutral Disagree Strongly disagree
10. How long, or about how long have you utilized the PCD program in your office? 5-6 yrs
11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits
12. For a typical, uncomplicated office visit, what is your regular fee? 49
 How much is your fee for this same type of patient who is a member of PCD? 36
13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial
14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No
15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care
16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community? not familiar w/
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access
18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.)
one more thing to study + complete



Provider Questionnaire

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To Be Completed By Hull&Russell:

PCD Provider # 3216

Received: / /

From to 8/31/13

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013.**
Your input is very important. Thank you for your participation.

First Name _____ MI _____ Last Name _____

Clinic Name Renning Chiro practice

Address 3116A 188th ST NE City Arlington ST WA Zip Code 98223

I certify that I am a participating PCD Provider, but request to remain anonymous.

- I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
- The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
- In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
- If you had any complaints from your patients regarding PCD, what were they specifically about?
Finances on their behalf (no funds to pay for tx)
- Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
- When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) when PCD notified us
- In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
- If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.)

...continued on back

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.
 Strongly agree Agree Neutral Disagree Strongly disagree
10. How long, or about how long have you utilized the PCD program in your office? _____
11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits
12. For a typical, uncomplicated office visit, what is your regular fee? \$50.32
 How much is your fee for this same type of patient who is a member of PCD? \$34.00
13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial
14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No
15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care
16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access
18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.)



Provider Questionnaire

Preferred Chiropractic Doctor, Inc. • 507 2nd Avenue South • Clanton, AL 35045
Phone: (800) 239-3552 Fax: (888) 755-9005 / (205) 755-7663
www.BeWell2.com • info@beWell2.com

To Be Completed By Hull&Russell:

PCD Provider # 6484

Received: / /

Printed 8/31/13

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013.**

Your input is very important. Thank you for your participation.

First Name Heather MI A Last Name Combs

Clinic Name Martha Lake Chiropractic / Dr Mark Barnett

Address 125 164th St SE City Bothell ST WA Zip Code 98012

I certify that I am a participating PCD Provider, but request to remain anonymous.

- I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
- The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
- In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
- If you had any complaints from your patients regarding PCD, what were they specifically about? _____
- Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
- When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) _____
- In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
- If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.) _____

...continued on back

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.
 Strongly agree Agree Neutral Disagree Strongly disagree
10. How long, or about how long have you utilized the PCD program in your office? 6 years
11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits
12. For a typical, uncomplicated office visit, what is your regular fee? 40
 How much is your fee for this same type of patient who is a member of PCD? 30
13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial
14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No
15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care
16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access
- I was unaware of the enactment until I got this letter*
18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (if so, please comment below, or on additional paper.)
-



Provider Questionnaire

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To Be Completed By Hull&Russell:

PCD Provider # 1493

Received: / /

Prior to 8/31

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013.**

Your input is very important. Thank you for your participation.

First Name Theodore J. Wenham Last Name _____

Clinic Name Court Street Chiropractic Center

Address 402 W. Court City Pasco State WA Zip Code 99301

I certify that I am a participating PCD Provider, but request to remain anonymous.

- I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
- The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
- In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
- If you had any complaints from your patients regarding PCD, what were they specifically about? NONE
- Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
- When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) January 13
- In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
- If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.)
NA

...continued on back

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.

Strongly agree Agree Neutral Disagree Strongly disagree

10. How long, or about how long have you utilized the PCD program in your office? 15 yrs or more

11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?

1 visit 2-3 visits 4-6 visits More than 7 visits

12. For a typical, uncomplicated office visit, what is your regular fee? \$60
How much is your fee for this same type of patient who is a member of PCD? \$40

13. Overall, how would you relate your experience with the PCD program?

Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial

14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No

15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?

Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care

16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?

Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care

17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?

Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access

18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.)

Hang in there.



Provider Questionnaire

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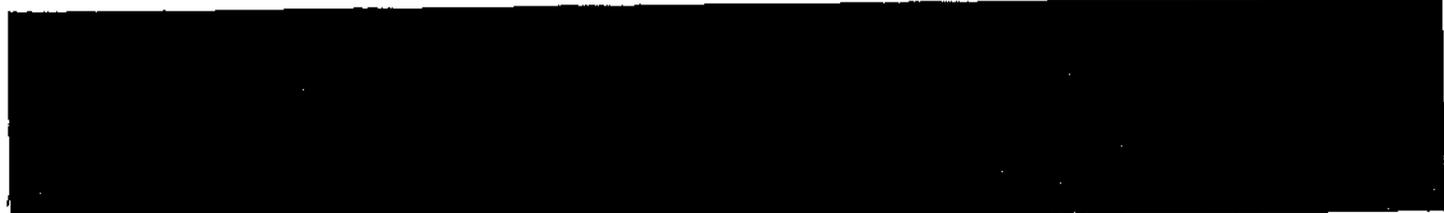
To Be Completed By Hull&Russell:

PCD Provider # [REDACTED]

Received: / /

Primo to 8/31

Please complete this questionnaire and return it in the S.A.S.E. by **September 6, 2013**.
Your Input is very important. Thank you for your participation.



I certify that I am a participating PCD Provider, but request to remain anonymous.

1. I have utilized the Preferred Chiropractic Doctor (PCD) program in my office. Yes No
2. The PCD program has better enabled me to serve patients that are less able to afford my regular fees.
 Strongly agree Agree Neutral Disagree Strongly disagree
3. In my practice setting, patients that were members of the PCD program voiced negative sentiments:
 Never heard any complaints
 Infrequently heard complaints
 Heard some complaints
 Regularly heard complaints
4. If you had any complaints from your patients regarding PCD, what were they specifically about? _____
5. Have you ever been notified by a government agency/department, or a trade association, in regard to the passage and enactment of RCW 48.155.020, the legislation regarding the regulation of Discount Plan Organizations enacted by the Washington legislature and Governors' signature and becoming effective on July 26, 2009? Yes No
6. When, or about when, did you become aware that there was a law that regulated Discount Plan Organizations in Washington State? (Please state date, or approximate date.) 2013
7. In your experience and opinion, have you ever experienced any of the following behaviors in your relationship with PCD? (Please check any that apply, or none.)
 Deceptive practices/advertising
 Fraudulent activity
 Improper membership billing practices
 Inaccessibility
 None
8. If you had any issues in question #7 (or any issues not listed), please describe the specific issue(s) and whether or not the issue was resolved satisfactorily. (Please use additional paper if needed.) _____

...continued on back

9. Being able to offer more affordable fees, through a relationship with a DPO such as PCD, to patients that may not have the financial wherewithal to afford the care they are seeking creates greater access to your care and greater benefit to the patient.
 Strongly agree Agree Neutral Disagree Strongly disagree
10. How long, or about how long have you utilized the PCD program in your office? not sure
11. Relative to the \$37 annual membership fee that PCD charges for membership, how many visits would it take for a new, first-time PCD patient member to recoup their membership fee in your office?
 1 visit 2-3 visits 4-6 visits More than 7 visits
12. For a typical, uncomplicated office visit, what is your regular fee? 60
 How much is your fee for this same type of patient who is a member of PCD? 35
13. Overall, how would you relate your experience with the PCD program?
 Extremely favorable and beneficial
 Favorable and beneficial
 Neutral
 Unfavorable and not beneficial
 Very unfavorable and extremely unbeneficial
14. Were you notified by PCD that the PCD program was no longer going to be offered in Washington as a fee-based Discount Plan Organization effective March 22, 2013? Yes or No
15. Based on comments and responses you've received from previously enrolled PCD patients, would you say those responses indicate the withdrawal of PCD discounted fees has played a major factor in their ability to receive required or recommended care?
 Dramatically decreased their ability to receive needed care
 Decreased their ability to receive needed care
 Didn't matter one way or another
 Increased their ability to receive needed care
 Dramatically increased their ability to receive needed care
16. Has it been your professional, clinical experience that you have seen a decrease in the functionality and/or health of your previously enrolled PCD patients due to the absence of available discounted fees in your office?
 Numerous previous PCD patients have suffered some loss of improvement in their condition
 Some previous PCD patients have suffered some loss of improvement in their condition
 Minimal numbers of previous PCD patients have suffered some loss of improvement in their condition
 No noticed loss of improvement in PCD patients due to the loss of their ability to afford my care
17. In your opinion, has the enactment of RCW 48.155.020 enhanced your ability to provide healthcare services to the citizens of your community?
 Greatly enhanced patient access
 Enhanced patient access
 Neither enhanced or reduced access
 Reduced patient access
 Greatly reduced patient access
18. Do you have any other comments in regards to your relationship with PCD, the effect it has had on your patients and your practice, or on the efficacy of RCW 48.155.020? (If so, please comment below, or on additional paper.)
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