

1  
2  
3  
4  
5  
6  
7  
8 **STATE OF WASHINGTON**  
9 **OFFICE OF INSURANCE COMMISSIONER**

10 In the Matter of

NO. 13-0134

11 **PREFERRED CHIROPRACTIC DOCTOR,**  
12 **INC.**

**DECLARATION OF DAVID**  
**MCKINNEY IN OPPOSITION TO THE**  
**REQUEST BY THE WASHINGTON**  
**INSURANCE COMMISSIONER FOR**  
**IMPOSITION OF FINES**

13 Respondent,

14 I, DAVID MCKINNEY, declare as follows:

- 15 1. I have personal knowledge of the facts stated herein and if called as a witness I  
16 could testify competently thereto.
- 17 2. My accounting and bookkeeping firm, McKinney & Lively, PC, is the tax  
18 preparer for Preferred Chiropractic Doctor, Inc. (PCD).
- 19 3. My firm prepared the U.S. Corporation Income Tax Return for PCD for tax  
20 year 2012 which is attached as Exhibit 1. The tax return was prepared on a cash basis for tax  
21 purposes which means that the "Gross receipts or sales" stated on line 1 a were recorded as  
22 income when membership fees were paid and not over the period of the membership, which,  
23 as I understand is either 1 year, 2 years or 3 years.
- 24  
25

DECLARATION OF DAVID MCKINNEY

Page 1


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

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

4 6. If management recognized membership fees on a deferred basis Schedule L,  
5 Balance Sheets per Books, at page 5 of the Tax Return, there would be significant unearned  
6 revenue that would decrease the net worth of the company reflected on the tax return.

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

9  
10 Executed at Clanton, Alabama, this 24 day of September, 2013

11  
12   
13 David McKinney

DECLARATION OF  
DAVID MCKINNEY

Exhibit 1

**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](http://www.irs.gov/form1120).

Name of corporation <b>PREFERRED CHIROPRACTIC DOCTOR, INC</b>	Employer identification number <b>63-1096738</b>
--	---

**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**

Department of the Treasury Internal Revenue Service

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

<b>Check if:</b> <b>1 a</b> Consolidated return (attach Form 851) <input type="checkbox"/> <b>b</b> Life/nonlife consolidated return <input type="checkbox"/> <b>2</b> Personal holding co (attach Sch P-9) <input type="checkbox"/> <b>3</b> Personal service corp (see instrs) <input type="checkbox"/> <b>4</b> Schedule M-3 attached <input type="checkbox"/>		<b>TYPE OR PRINT</b> PREFERRED CHIROPRACTIC DOCTOR, INC 507 2ND AVE SOUTH CLANTON, AL 35045	<b>B</b> Employer identification number 63-1096738
<b>E</b> Check if: <b>(1)</b> Initial return <b>(2)</b> Final return <b>(3)</b> Name change <b>(4)</b> Address change			<b>C</b> Date incorporated 6/01/1993 <b>D</b> Total assets (see instructions) \$ 179,607.

INCOME	1 a	Gross receipts or sales	1 a	848,844.
	b	Returns and allowances	1 b	
	c	Balance. Subtract line 1b from line 1a	1 c	848,844.
	2	Cost of goods sold (attach Form 1125-A)	2	
	3	Gross profit. Subtract line 2 from line 1c	3	848,844.
	4	Dividends (Schedule C, line 19)	4	
	5	Interest	5	664.
	6	Gross rents	6	
	7	Gross royalties	7	
	8	Capital gain net income (attach Schedule D (Form 1120))	8	
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	
10	Other income (see instructions - attach schedule)	10		
11	<b>Total income.</b> Add lines 3 through 10	11	849,508.	
DEDUCTIONS	12	Compensation of officers (see instructions - attach Form 1125-E)	12	168,000.
	13	Salaries and wages (less employment credits)	13	172,345.
	14	Repairs and maintenance	14	
	15	Bad debts	15	15,000.
	16	Rents	16	26,399.
	17	Taxes and licenses	17	34,714.
	18	Interest	18	3,111.
	19	Charitable contributions	19	2,946.
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	5,656.
	21	Depletion	21	
	22	Advertising	22	120.
	23	Pension, profit-sharing, etc, plans	23	
	24	Employee benefit programs	24	
	25	Domestic production activities deduction (attach Form 8903)	25	
	26	Other deductions (attach statement) SEE STATEMENT 1	26	361,484.
	27	<b>Total deductions.</b> Add lines 12 through 26	27	789,775.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	59,733.
	LOSS DEDUCTIONS	29 a	Net operating loss deduction (see instructions)	29 a
b		Special deductions (Schedule C, line 20)	29 b	
c		Add lines 29a and 29b	29 c	
TAXES AND PAYMENTS	30	<b>Taxable income.</b> Subtract line 29c from line 28 (see instructions)	30	59,733.
	31	Total tax (Schedule J, Part I, line 11)	31	2,815.
	32	Total payments and refundable credits (Schedule J, Part II, line 21)	32	0.
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input checked="" type="checkbox"/>	33	51.
	34	<b>Amount owed.</b> If line 32 is smaller than the total of lines 31 and 33, enter amount owed	34	2,866.
	35	<b>Overpayment.</b> If line 32 is larger than the total of lines 31 and 33, enter amount overpaid	35	
	36	Enter amount from line 35 you want: <b>Credited to 2013 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>	36	

**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

<b>Paid Preparer Use Only</b>	Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	DAVID A. MCKINNEY	_____	_____	<input type="checkbox"/>	P00496393
	Firm's name	Firm's EIN	Firm's address		
MCKINNEY & LIVELY, PC	27-4025072	408 2ND AVE S			
		CLANTON, AL 35045-3512			
	Phone no.	(205) 755-9019			

<b>Schedule C Dividends and Special Deductions</b> (see instructions)	<b>(a) Dividends received</b>	<b>(b) Percentage</b>	<b>(c) Special deductions (a) x (b)</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	
<b>9 Total.</b> 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 .....			
14 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 .....			
<b>19 Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4 .....			
<b>20 Total special deductions.</b> 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)		
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	<b>Total credits.</b> Add lines 5a through 5e	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	<b>Total.</b> Add lines 9a through 9f	10	
11	<b>Total tax.</b> 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	<b>Total payments.</b> 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	<b>Total credits.</b> Add lines 19a through 19d	20	
21	<b>Total payments and credits.</b> 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
<b>a</b> 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.) . . . . .

	Yes	No
		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? . . . . .

	Yes	No
		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 . . . . .

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) ▶ 3

**11** If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . . . .

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? . . . . .

	Yes	No
		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)? . . . . .

	Yes	No
		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? . . . . .

	Yes	No
	X	

**b** If 'Yes,' did or will the corporation file required Forms 1099? . . . . .

	Yes	No
	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? . . . . .

	Yes	No
		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? . . . . .

	Yes	No
		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. . . . .

	Yes	No
		X



Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
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.
<b>Liabilities and Shareholders' Equity</b>				
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 — Appra (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 contributions \$	
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:	
2 Net income (loss) per books	51,090.	a Cash	
3 Other increases (itemize):		b Stock	
		c Property	
		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

**PREFERRED CHIROPRACTIC  
DOCTOR, INC**

Identifying number

**63-1096738**

<b>1a</b> Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (see instructions) .....	<b>1a</b>	<b>5</b>
<b>b</b> Enter the employer identification number (EIN) used to report employment taxes for individuals included on line 1a (see instructions).....	<b>1b</b>	
<b>2</b> 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 .....	<b>2</b>	<b>5</b>
<b>3</b> 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.....	<b>3</b>	<b>30,000.</b>
<b>4</b> Premiums you paid during the tax year for employees included on line 1a for health insurance coverage under a qualifying arrangement (see instructions).....	<b>4</b>	<b>62,931.</b>
<b>5</b> 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).....	<b>5</b>	<b>25,420.</b>
<b>6</b> Enter the <b>smaller</b> of line 4 or line 5.....	<b>6</b>	<b>25,420.</b>
<b>7</b> 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).....	<b>7</b>	<b>8,897.</b>
<b>8</b> If line 2 is 10 or less, enter the amount from line 7. Otherwise, see instructions.....	<b>8</b>	<b>8,897.</b>
<b>9</b> If line 3 is \$25,000 or less, enter the amount from line 8. Otherwise, see instructions.....	<b>9</b>	<b>7,118.</b>
<b>10</b> 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).....	<b>10</b>	
<b>11</b> Subtract line 10 from line 4. If zero or less, enter -0-.....	<b>11</b>	<b>62,931.</b>
<b>12</b> Enter the <b>smaller</b> of line 9 or line 11.....	<b>12</b>	<b>7,118.</b>
<b>13</b> 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) .....	<b>13</b>	<b>5</b>
<b>14</b> Enter the number of full-time equivalent employees you would have entered on line 2 if you only included employees included on line 13.....	<b>14</b>	<b>5</b>
<b>15</b> Credit for small employer health insurance premiums from partnerships, S corporations, cooperatives, estates, and trusts (see instructions).....	<b>15</b>	
<b>16</b> 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.....	<b>16</b>	<b>7,118.</b>
<b>17</b> Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions).....	<b>17</b>	
<b>18</b> Cooperatives, estates, and trusts, subtract line 17 from line 16. Stop here and report this amount on Form 3800, line 4h.....	<b>18</b>	
<b>19</b> Enter the amount you paid in 2012 for taxes considered payroll taxes for purposes of this credit (see instructions).....	<b>19</b>	
<b>20</b> Tax-exempt small employers, enter the <b>smaller</b> of line 16 or line 19 here and on Form 990-T, line 44f.....	<b>20</b>	

**BAA For Paperwork Reduction Act Notice, see separate instructions.**

Form **8941** (2012)

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	<b>Net income tax.</b> Subtract line 10c from line 9. If zero, skip lines 12 through 15 and enter -0- on line 16a....	11	9,933.
12	<b>Net regular tax.</b> 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 <b>smaller</b> of line 6 or line 16a..... <b>C corporations:</b> 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 26.

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

SCHEDULE G  
(Form 1120)  
(Rev December 2011)

**Information on Certain Persons Owning the  
Corporation's Voting Stock**

OMB No. 1545-0123

▶ Attach to Form 1120.

▶ See instructions.

Department of the Treasury  
Internal Revenue Service

Name <b>PREFERRED CHIROPRACTIC DOCTOR, INC</b>	Employer identification number (EIN) <b>63-1096738</b>
---	---

**Part I Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a).  
Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

**Part II Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b).  
Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock
STEPHEN BELOW		UNITED STATES	40.00%
DAVID BELOW		UNITED STATES	30.00%
DALE BURGESS		UNITED STATES	30.00%

**Compensation of Officers**

► Attach to Form 1120, 1120-C, 1120-F, 1120-RIC, or 1120-REIT.

► Information about Form 1125-E and its separate instructions is at [www.irs.gov/form1125e](http://www.irs.gov/form1125e).

For **PREFERRED CHIROPRACTIC  
DOCTOR, INC**

Employer identification number  
**63-1096738**

**Note.** Complete Form 1125-E only if total receipts are \$500,000 or more. See instructions for definition of total receipts.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	STEPHEN BELOW		100 %	40.00 %	0.00 %	168,000.
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	

2 Total compensation of officers ..... **168,000.**

3 Compensation of officers claimed on Form 1125-A or elsewhere on return .....

4 Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return ..... **168,000.**

**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](http://www.irs.gov/form2220).

Name **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	
2 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	
2 c	Credit for federal tax paid on fuels (see instructions).....	2 c	
2 d	<b>Total.</b> 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). <b>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.</b> .....	4	3,347.
5	<b>Required annual payment.</b> 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 <b>Installment due dates.</b> 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 <b>Required installments.</b> 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 <b>Estimated tax paid or credited for each period</b> (see instructions). For column (a) only, enter the amount from line 11 on line 15.....	11				
<b>Complete lines 12 through 18 of one column before going to the next column.</b>					
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 <b>Underpayment.</b> 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 <b>Overpayment.</b> If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column.....	18				

Go 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
20 Number of days from due date of installment on line 9 to the date shown on line 19	20	334	273	181
21 Number of days on line 20 after 4/15/2012 and before 7/1/2012	21			
22 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 21}}{366} \times 3\%$	22			
23 Number of days on line 20 after 6/30/2012 and before 10/1/2012	23	15		
24 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 23}}{366} \times 3\%$	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 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 25}}{366} \times 3\%$	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 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 27}}{365} \times 3\%$	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
30 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 29}}{365} \times 3\%$	30	5.26	5.27	5.27
31 Number of days on line 20 after 6/30/2013 and before 10/1/2013	31	46	46	46
32 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 31}}{365} \times 3\%$	32	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 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 33}}{365} \times \%$	34			
35 Number of days on line 20 after 12/31/2013 and before 2/16/2014	35			
36 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 35}}{365} \times \%$	36			
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36	37	19.28	15.79	10.48
38 <b>Penalty.</b> 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](http://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.
<b>TOTAL</b>	<b>\$</b>	<b><u>361,484.</u></b>

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

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

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

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

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

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

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

	BEGINNING	ENDING
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>