TAXPAYER EXHIBIT
B6
September 27, 2016
Leonard C. Rogers and Mary Ann Rogers
863414

# EXHIBIT A

STATE BOARD OF EQUALIZATION

Appeal Name: Leonard Rogers & Mary Ann Rogers
Case ID: 863414 ITEM #. B6
Date: 9/27/16 Exhibit No: 9.9
TP FTB DEPT PUBLIC COMMENT

| Health Care Data Inc Financial Position 1995-2000 | | | | | |
|---|---|---|---|---|---|
| US Income Tax Return of Health Care Data Inc. Line 21 Form 1120S Ordinary Income (Loss) | California S Corporation Franchise or Income Tax Return Form 100S | Tax Year | Date of Loan | Explanation/ Loan # | Amount of Investment $ |
| (753) | (753) | 1995 | March 15, 1995 | Initial Investment | 4,000 |
| (9,423) | Only have Application for Auto Extension | 1996 | | | |
| (52,321) | (52,321) | 1997 | | | |
| 16,871 | 16,071 Tax due - Paid 800 | 1998 | November 16, 1998 | #400000040 | 40,000 |
| | | | November 20, 1998 | SMAB-262-143-40-08-SD | 100,000 |
| (158,193) | Only have Application for Auto Extension | 1999 | February 2, 1999 | Southwest Bank | 100,000 |
| | | | March 24, 1999 | #2621434008 | 100,000 |
| (49,148) | Not Available | 2000 | December 7, 2000 | SBA #EXP 410-728-4007 | 150,00 (50,000-Rogers) |
| | | | 2003-2004 | Salary Reinvestment | 2,000[1] |
| | | | | | |
| | | | | | |

[1] Notes from 2-06-2003 Shows Salary Reduction already saved by Partners and Associates (spouses of partners) $23,000 or $3,833 per family. Also Partners and Associates not to receive pay for 4th quarter resulting in $36,000 for Health Care Data Inc. To the best of our knowledge we reduced the Partners salary by 15% =$16,200 and the Associates 15% =$18,000 for a total of $34,000 for each partner and associate. ) Total reduction in salary for Leonard and Mary Ann Rogers in 2003-2004 that is referenced in the notes is $37,833. To be certain, if records were available now ad we were able to amend our returns, we could report more investment into the company.

# COMMERCIAL GUARANTY

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Collateral | Account | Officer / PID | Initials |
|---|---|---|---|---|---|---|---|---|
| References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. | | | | | | | | |

Borrower: Health Care Data, Inc. (TIN: 52-1937896)
2236 Encinitas Boulevard
Encinitas, CA 92024

Lender: Southwest Community Bank
277 N. El Camino Real
P.O. Box 231867
Encinitas, CA 92024

Guarantor: Leonard C. Rogers
[redacted]
Leucadia, CA 92024

AMOUNT OF GUARANTY. The amount of this Guaranty is Unlimited.

CONTINUING UNLIMITED GUARANTY. For good and valuable consideration, Leonard C. Rogers ("Guarantor") absolutely and unconditionally guarantees and promises to pay to Southwest Community Bank ("Lender") or its order, on demand, in legal tender of the United States of America, the Indebtedness (as that term is defined below) of Health Care Data, Inc. ("Borrower") to Lender on the terms and conditions set forth in this Guaranty. Under this Guaranty, the liability of Guarantor is unlimited and the obligations of Guarantor are continuing.

DEFINITIONS. The following words shall have the following meanings when used in this Guaranty:

Borrower. The word "Borrower" means Health Care Data, Inc..

Guarantor. The word "Guarantor" means Leonard C. Rogers.

Guaranty. The word "Guaranty" means this Guaranty made by Guarantor for the benefit of Lender dated March 24, 1999.

Indebtedness. The word "Indebtedness" is used in its most comprehensive sense and means and includes any and all of Borrower's liabilities, obligations, debts, and indebtedness to Lender, now existing or hereinafter incurred or created, including, without limitation, all loans, advances, interest, costs, debts, overdraft indebtedness, credit card indebtedness, lease obligations, other obligations, and liabilities of Borrower, or any of them, and any present or future judgments against Borrower, or any of them; and whether any such indebtedness is voluntarily or involuntarily incurred, due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined; whether Borrower may be liable individually or jointly with others, or primarily or secondarily, or as guarantor or surety; whether recovery on the indebtedness may be or may become barred or unenforceable against Borrower for any reason whatsoever; and whether the indebtedness arises from transactions which may be voidable on account of infancy, insanity, ultra vires, or otherwise.

Lender. The word "Lender" means Southwest Community Bank, its successors and assigns.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

NATURE OF GUARANTY. Guarantor's liability under this Guaranty shall be open and continuous for so long as this Guaranty remains in force. Guarantor intends to guarantee at all times the performance and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of all indebtedness. Accordingly, no payments made upon the indebtedness will discharge or diminish the continuing liability of Guarantor in connection with any remaining portions of the indebtedness or any of the indebtedness which subsequently arises or is thereafter incurred or contracted. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against both his or her separate property and community property.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all other obligations of Guarantor under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at the address of Lender listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to advances or new indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new indebtedness" does not include indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. This Guaranty will continue to bind Guarantor for all indebtedness incurred by Borrower or committed by Lender prior to receipt of Guarantor's written notice of revocation, including any extensions, renewals, substitutions or modifications of the indebtedness. All renewals, extensions, substitutions, and modifications of the indebtedness granted after Guarantor's revocation, are contemplated under this Guaranty and, specifically will not be considered to be new indebtedness. This Guaranty shall bind the estate of Guarantor as to indebtedness created both before and after the death or incapacity of Guarantor, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation received by Lender from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. The obligations of Guarantor under this Guaranty shall be in addition to any obligations of Guarantor, or any of them, under any other guaranties of the indebtedness of Borrower or any other person heretofore or hereafter given to Lender unless such other guaranties are modified or revoked in writing; and this Guaranty shall not, unless herein provided, affect, invalidate, or supersede any such other guaranty. It is anticipated that fluctuations may occur in the aggregate amount of indebtedness covered by this Guaranty, and it is specifically acknowledged and agreed by Guarantor that reductions in the amount of indebtedness, even to zero dollars ($0.00), prior to written revocation of this Guaranty by Guarantor shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the guaranteed indebtedness remains unpaid and even though the indebtedness guaranteed may from time to time be zero dollars ($0.00).

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (a) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (b) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness or any part of the indebtedness, including increases and decreases of the rate of interest on the indebtedness; extensions may be repeated and may be for longer than the original loan term; (c) to take and hold security for the payment of this Guaranty or the indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (d) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (e) to determine how, when and what application of payments and credits shall be made on the indebtedness; (f) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (g) to sell, transfer, assign, or grant participations in all or any part of the indebtedness; and (h) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (a) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (b) this Guaranty is executed at

additional indebtedness; (b) proceed against any person, including Borrower, before proceeding against Guarantor; (c) proceed against any collateral for the indebtedness, including Borrower's collateral, before proceeding against Guarantor; (d) apply any payments or proceeds received against the indebtedness in any order; (e) give notice of the terms, time, and place of any sale of the collateral pursuant to the Uniform Commercial Code or any other law governing such sale; (f) disclose any information about the indebtedness, the Borrower, the collateral, or any other guarantor or surety, or about any action or nonaction of Lender; or (g) pursue any remedy or course of action in Lender's power whatsoever.

Guarantor also waives any and all rights or defenses arising by reason of (h) any disability or other defense of Borrower, any other guarantor or surety or any other person; (i) the cessation from any cause whatsoever, other than payment in full, of the indebtedness; (j) the application of proceeds of the indebtedness by Borrower for purposes other than the purposes understood and intended by Guarantor and Lender; (k) any act of omission or commission by Lender which directly or indirectly results in or contributes to the discharge of Borrower or any other guarantor or surety, or the indebtedness, or the loss or release of any collateral by operation of law or otherwise; (l) any statute of limitations in any action under this Guaranty or on the indebtedness; or (m) any modification or change in terms of the indebtedness, whatsoever, including without limitation, the renewal, extension, acceleration, or other change in the time payment of the indebtedness is due and any change in the interest rate, and including any such modification or change in terms after revocation of this Guaranty on indebtedness incurred prior to such revocation.

Guarantor waives all rights and any defenses arising out of an election of remedies by Lender even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Borrower by operation of Section 580d of the California Code of Civil Procedure or otherwise.

Guarantor waives all rights and defenses that Guarantor may have because Borrower's obligation is secured by real property. This means among other things: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower. (2) If Lender forecloses on any real property collateral pledged by Borrower: (A) The amount of Borrower's obligation may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (B) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. This is an unconditional waiver of any rights and defenses Guarantor may have because Borrower's obligation is secured by real property. These rights and defenses include, but are not limited to, any rights and defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

Guarantor understands and agrees that the foregoing waivers are waivers of substantive rights and defenses to which Guarantor might otherwise be entitled under state and federal law. The rights and defenses waived include, without limitation, those provided by California laws of suretyship and guaranty, anti-deficiency laws, and the Uniform Commercial Code. Guarantor acknowledges that Guarantor has provided these waivers of rights and defenses with the intention that they be fully relied upon by Lender. Until all indebtedness is paid in full, Guarantor waives any right to enforce any remedy Lender may have against Borrower or any other guarantor, surety, or other person, and further, Guarantor waives any right to participate in any collateral for the indebtedness now or hereafter held by Lender.

**GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS.** Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

**LENDER'S RIGHT OF SETOFF.** In addition to all liens upon and rights of setoff against the moneys, securities or other property of Guarantor given to Lender by law, Lender shall have, with respect to Guarantor's obligations to Lender under this Guaranty and to the extent permitted by law, a contractual security interest in and a right of setoff against, and Guarantor hereby assigns, conveys, delivers, pledges, and transfers to Lender all of Guarantor's right, title and interest in and to, all deposits, moneys, securities and other property of Guarantor now or hereafter in the possession of or on deposit with Lender, whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding however all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon or notice to Guarantor. No security interest or right of setoff shall be deemed to have been waived by any act or conduct on the part of Lender or by any neglect to exercise such right of setoff or to enforce such security interest or by any delay in so doing. Every right of setoff and security interest shall continue in full force and effect until such right of setoff or security interest is specifically waived or released by an instrument in writing executed by Lender.

**SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR.** Guarantor agrees that the indebtedness of Borrower to Lender, whether now existing or hereafter created, shall be prior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the indebtedness of Borrower to Lender. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender hereby is authorized, in the name of Guarantor, from time to time to execute and file financing statements and continuation statements and to execute such other documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Guaranty:

Integration, Amendment. Guarantor warrants, represents and agrees that this Guaranty, together with any exhibits or schedules incorporated herein, fully incorporates the agreements and understandings of Guarantor with Lender with respect to the subject matter hereof and all prior negotiations, drafts, and other extrinsic communications between Guarantor and Lender shall have no evidentiary effect whatsoever. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph. No alteration or amendment to this Guaranty shall be effective unless given in writing and signed by the parties sought to be charged or bound by the alteration or amendment.

Applicable Law. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Waiver. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

ADDITIONAL PROVISION. Please refer to SBA loan Number SMAB 262 143 40 08 Sd.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY." NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED MARCH 24, 1999.

GUARANTOR:

X _____
Mary Ann Rogers

LASER PRO, Reg. U.S. Pat. & T.M. Off., Ver. 3.26b (c) 1999 CFI ProServices, Inc. All rights reserved. [CA-E20 HEALTH2.LN S26.OVL]

# COMMERCIAL GUARANTY

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Collateral | Account | Officer | Initials |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: Health Care Data, Inc. (TIN: 52-1937896)
2236 Encinitas Boulevard
Encinitas, CA 92024

Lender: Southwest Community Bank
277 N. El Camino Real
P.O. Box 231867
Encinitas, CA 92024

Guarantor: Mary Ann Rogers
[redacted]
Leucadia, CA 92024

AMOUNT OF GUARANTY. The amount of this Guaranty is Unlimited.

CONTINUING UNLIMITED GUARANTY. For good and valuable consideration, Mary Ann Rogers ("Guarantor") absolutely and unconditionally guarantees and promises to pay to Southwest Community Bank ("Lender") or its order, on demand, in legal tender of the United States of America, the indebtedness (as that term is defined below) of Health Care Data, Inc. ("Borrower") to Lender on the terms and conditions set forth in this Guaranty. Under this Guaranty, the liability of Guarantor is unlimited and the obligations of Guarantor are continuing.

DEFINITIONS. The following words shall have the following meanings when used in this Guaranty:

Borrower. The word "Borrower" means Health Care Data, Inc..

Guarantor. The word "Guarantor" means Mary Ann Rogers.

Guaranty. The word "Guaranty" means this Guaranty made by Guarantor for the benefit of Lender dated March 24, 1999.

Indebtedness. The word "Indebtedness" is used in its most comprehensive sense and means and includes any and all of Borrower's liabilities, obligations, debts, and indebtedness to Lender, now existing or hereinafter incurred or created, including, without limitation, all loans, advances, interest, costs, debts, overdraft indebtedness, credit card indebtedness, lease obligations, other obligations, and liabilities of Borrower, or any of them, and any present or future judgments against Borrower, or any of them; and whether any such indebtedness is voluntarily or involuntarily incurred, due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined; whether Borrower may be liable individually or jointly with others, or primarily or secondarily, or as guarantor or surety; whether recovery on the indebtedness may be or may become barred or unenforceable against Borrower for any reason whatsoever; and whether the indebtedness arises from transactions which may be voidable on account of infancy, insanity, ultra vires, or otherwise.

Lender. The word "Lender" means Southwest Community Bank, its successors and assigns.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

NATURE OF GUARANTY. Guarantor's liability under this Guaranty shall be open and continuous for so long as this Guaranty remains in force. Guarantor intends to guarantee at all times the performance and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of all indebtedness. Accordingly, no payments made upon the indebtedness will discharge or diminish the continuing liability of Guarantor in connection with any remaining portions of the indebtedness or any of the indebtedness which subsequently arises or is thereafter incurred or contracted. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against both his or her separate property and community property.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all other obligations of Guarantor under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at the address of Lender listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to advances or new indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new indebtedness" does not include indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. This Guaranty will continue to bind Guarantor for all indebtedness incurred by Borrower or committed by Lender prior to receipt of Guarantor's written notice of revocation, including any extensions, renewals, substitutions or modifications of the indebtedness. All renewals, extensions, substitutions, and modifications of the indebtedness granted after Guarantor's revocation, are contemplated under this Guaranty and, specifically will not be considered to be new indebtedness. This Guaranty shall bind the estate of Guarantor as to indebtedness created both before and after the death or incapacity of Guarantor, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation received by Lender from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. The obligations of Guarantor under this Guaranty shall be in addition to any obligations of Guarantor, or any of them, under any other guaranties of the indebtedness of Borrower or any other person heretofore or hereafter given to Lender unless such other guaranties are modified or revoked in writing; and this Guaranty shall not, unless herein provided, affect, invalidate, or supersede any such other guaranty. It is anticipated that fluctuations may occur in the aggregate amount of indebtedness covered by this Guaranty, and it is specifically acknowledged and agreed by Guarantor that reductions in the amount of indebtedness, even to zero dollars ($0.00), prior to written revocation of this Guaranty by Guarantor shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the guaranteed indebtedness remains unpaid and even though the indebtedness guaranteed may from time to time be zero dollars ($0.00).

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (a) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (b) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness or any part of the indebtedness, including increases and decreases of the rate of interest on the indebtedness; extensions may be repeated and may be for longer than the original loan term; (c) to take and hold security for the payment of this Guaranty or the indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (d) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (e) to determine how, when and what application of payments and credits shall be made on the indebtedness; (f) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (g) to sell, transfer, assign, or grant participations in all or any part of the indebtedness; and (h) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (a) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (b) this Guaranty is executed at

additional indebtedness; (b) proceed against any person, including Borrower, before proceeding against Guarantor; (c) proceed against any collateral for the indebtedness, including Borrower's collateral, before proceeding against Guarantor; (d) apply any payments or proceeds received against the indebtedness in any order; (e) give notice of the terms, time, and place of any sale of the collateral pursuant to the Uniform Commercial Code or any other law governing such sale; (f) disclose any information about the indebtedness, the Borrower, the collateral, or any other guarantor or surety, or about any action or nonaction of Lender; or (g) pursue any remedy or course of action in Lender's power whatsoever.

Guarantor also waives any and all rights or defenses arising by reason of (h) any disability or other defense of Borrower, any other guarantor or surety or any other person; (i) the cessation from any cause whatsoever, other than payment in full, of the indebtedness; (j) the application of proceeds of the indebtedness by Borrower for purposes other than the purposes understood and intended by Guarantor and Lender; (k) any act of omission or commission by Lender which directly or indirectly results in or contributes to the discharge of Borrower or any other guarantor or surety, or the indebtedness, or the loss or release of any collateral by operation of law or otherwise; (l) any statute of limitations in any action under this Guaranty or on the indebtedness; or (m) any modification or change in terms of the indebtedness, whatsoever, including without limitation, the renewal, extension, acceleration, or other change in the time payment of the indebtedness is due and any change in the interest rate, and including any such modification or change in terms after revocation of this Guaranty on indebtedness incurred prior to such revocation.

Guarantor waives all rights and any defenses arising out of an election of remedies by Lender even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Borrower by operation of Section 580d of the California Code of Civil Procedure or otherwise.

Guarantor waives all rights and defenses that Guarantor may have because Borrower's obligation is secured by real property. This means among other things: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower. (2) If Lender forecloses on any real property collateral pledged by Borrower: (A) The amount of Borrower's obligation may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (B) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. This is an unconditional waiver of any rights and defenses Guarantor may have because Borrower's obligation is secured by real property. These rights and defenses include, but are not limited to, any rights and defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

Guarantor understands and agrees that the foregoing waivers are waivers of substantive rights and defenses to which Guarantor might otherwise be entitled under state and federal law. The rights and defenses waived include, without limitation, those provided by California laws of suretyship and guaranty, anti-deficiency laws, and the Uniform Commercial Code. Guarantor acknowledges that Guarantor has provided these waivers of rights and defenses with the intention that they be fully relied upon by Lender. Until all indebtedness is paid in full, Guarantor waives any right to enforce any remedy Lender may have against Borrower or any other guarantor, surety, or other person, and further, Guarantor waives any right to participate in any collateral for the indebtedness now or hereafter held by Lender.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

LENDER'S RIGHT OF SETOFF. In addition to all liens upon and rights of setoff against the moneys, securities or other property of Guarantor given to Lender by law, Lender shall have, with respect to Guarantor's obligations to Lender under this Guaranty and to the extent permitted by law, a contractual security interest in and a right of setoff against, and Guarantor hereby assigns, conveys, delivers, pledges, and transfers to Lender all of Guarantor's right, title and interest in and to, all deposits, moneys, securities and other property of Guarantor now or hereafter in the possession of or on deposit with Lender, whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding however all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon or notice to Guarantor. No security interest or right of setoff shall be deemed to have been waived by any act or conduct on the part of Lender or by any neglect to exercise such right of setoff or to enforce such security interest or by any delay in so doing. Every right of setoff and security interest shall continue in full force and effect until such right of setoff or security interest is specifically waived or released by an instrument in writing executed by Lender.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the indebtedness of Borrower to Lender, whether now existing or hereafter created, shall be prior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the indebtedness of Borrower to Lender. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender hereby is authorized, in the name of Guarantor, from time to time to execute and file financing statements and continuation statements and to execute such other documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Integration, Amendment. Guarantor warrants, represents and agrees that this Guaranty, together with any exhibits or schedules incorporated herein, fully incorporates the agreements and understandings of Guarantor with Lender with respect to the subject matter hereof and all prior negotiations, drafts, and other extrinsic communications between Guarantor and Lender shall have no evidentiary effect whatsoever. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph. No alteration or amendment to this Guaranty shall be effective unless given in writing and signed by the parties sought to be charged or bound by the alteration or amendment.

Applicable Law. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Waiver. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

ADDITIONAL PROVISION. Please refer to SBA loan Number SMAB 262 143 40 08 Sd.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY." NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED MARCH 24, 1999.

GUARANTOR:

X _____
Leonard C. Rogers

LASER PRO, Reg. U.S. Pat. & T.M. Off., Ver. 3.26b (c) 1999 CFI ProServices, Inc. All rights reserved. [CA-E20 HEALTHZ.LN S26.OVL]

Form **1120S**

Department of Treasury
Internal Rev. Service

# U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

▶ See separate instructions.

OMB No. 1545-0130

**1995**

For calendar year 1995, or tax year beginning , 1995, & end. ,19

A Date of election as an S corporation: 06/15/95

B Business code no. (see Specific Inst.): 8099

Use IRS label. Otherwise, please print or type.

Name Number, street, & room/suite no. City/town, state, & ZIP code [redacted]

HEALTH CARE DATA, INC.

1060 SOLANO AVE, SUITE 1002

ALBANY, CA 94706

D Date incorporated: 06/15/95

E Total assets (see Specific Inst.): $ 16,859

F Check applicable boxes: (1) [X] Initial return (2) [ ] Final return (3) [ ] Change in address (4) [ ] Amended return

G Check this box if this S corp. is subject to the consolidated audit procedures of sec. 6241 through 6245 (see inst. before checking this box) ▶ [ ]

H Enter number of shareholders in the corporation at end of the tax year ▶ 7

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

| | | | | | |
|---|---|---|---|---|---|
| Income | 1a | Gross receipts/sales: 24,920 b Less rtrns. & allowances: | c Bal ▶ | 1c | 24,920 |
| | 2 | Cost of goods sold (Schedule A, line 8) | | 2 | 12,521 |
| | 3 | Gross profit. Subtract line 2 from line 1c | | 3 | 12,399 |
| | 4 | Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797) | | 4 | |
| | 5 | Other income (loss) (attach schedule) | | 5 | |
| | 6 | Total income (loss). Combine lines 3 through 5 | ▶ | 6 | 12,399 |
| Deductions (see page 10 of the instructions for limitations.) | 7 | Compensation of officers | | 7 | |
| | 8 | Salaries and wages (less employment credits) | | 8 | |
| | 9 | Repairs and maintenance | | 9 | |
| | 10 | Bad debts | | 10 | |
| | 11 | Rents | | 11 | 210 |
| | 12 | Taxes and licenses | | 12 | 285 |
| | 13 | Interest | | 13 | |
| | 14a | Depreciation (if required, attach Form 4562) | 14a: 1,519 | | |
| | b | Depreciation claimed on Schedule A and elsewhere on return | 14b: | | |
| | c | Subtract line 14b from line 14a | | 14c | 1,519 |
| | 15 | Depletion (Do not deduct oil and gas depletion.) | | 15 | |
| | 16 | Advertising | | 16 | 2,481 |
| | 17 | Pension, profit-sharing, etc., plans | | 17 | |
| | 18 | Employee benefit programs | | 18 | |
| | 19 | Other deductions (attach schedule) | | 19 | 8,657 |
| | 20 | Total deductions. Add the amounts shown in the far right column for lines 7 through 19 | ▶ | 20 | 13,152 |
| | 21 | Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6 | | 21 | (753) |
| Tax and Payments | 22 | Tax: a Excess net passive income tax (attach schedule) | 22a | | |
| | b | Tax from Schedule D (Form 1120S) | 22b | | |
| | c | Add lines 22a and 22b (see page 13 of the instructions for additional taxes) | | 22c | |
| | 23 | Payments: a 1995 estimated tax payments and amount applied from 1994 return | 23a | | |
| | b | Tax deposited with Form 7004 | 23b | | |
| | c | Credit for Federal tax paid on fuels (attach Form 4136) | 23c | | |
| | d | Add lines 23a through 23c | | 23d | |
| | 24 | Estimated tax penalty. Check if Form 2220 is attached | ▶ [ ] | 24 | |
| | 25 | Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 3 of the instructions for depositary method of payment | ▶ | 25 | 0 |
| | 26 | Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid | ▶ | 26 | |
| | 27 | Enter amount of line 26 you want: Credited to 1996 est. tax ▶ Refunded | ▶ | 27 | |

**Please 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

**Paid Preparer's Use Only**

Preparer's signature ▶ Date Check if self-employed ▶ [ ] Preparer's SSN [redacted]

Firm's name (or yours if self-employed) and address ▶ LARRY E. RABOLD, CPA
P.O. BOX 289
MYERSTOWN, PA

EIN ▶ [redacted]

ZIP code ▶ 17067

For Paperwork Reduction Act Notice, see page 1 of separate instructions. CAA 1120S12 NTF 1789 Form **1120S** (1995)

Copyright Forms Software Only, 1995 Nelco, Inc. NBS2081

## Schedule A Cost of Goods Sold (see page 14 of the instructions)

| | | | |
|---|---|---|---|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | 12,521 |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | 0 |
| 5 | Other costs (attach schedule) | 5 | 0 |
| 6 | Total. Add lines 1 through 5 | 6 | 12,521 |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | 12,521 |

9a Check all methods used for valuing closing inventory:
- (i) [ ] Cost as described in Regulations section 1.471-3
- (ii) [ ] Lower of cost or market as described in Regulations section 1.471-4
- (iii) [ ] Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? [ ] Yes [X] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? [ ] Yes [X] No
If "Yes," attach explanation.

## Schedule B Other Information

| | | Yes | No |
|---|---|---|---|
| 1 | Check method of accounting: (a) [ ] Cash (b) [X] Accrual (c) [ ] Other (specify) ▶ | | |
| 2 | Refer to the list on page 24 of the instructions and state the corporation's principal: (a) Business activity ▶ SERVICES (b) Product or service ▶ HEALTH CARE DATA | | |
| 3 | Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned | | X |
| 4 | Was the corporation a member of a controlled group subject to the provisions of section 1561? | | X |
| 5 | At any time during calendar year 1995, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶ | | X |
| 6 | Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926 | | X |
| 7 | Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ [ ] | | |
| 8 | Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ [ ] If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 9 | If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 14 of the instructions) ▶ $ | | |
| 10 | Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see page 15 of the instructions) ▶ [ ] | | |

## Designation of Tax Matters Person (see page 15 of the instructions)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ CAROL M. ARNOLD

Identifying number of TMP ▶ [redacted]

Address of designated TMP ▶



Copyright Forms Software Only, 1995 Nelco, Inc. N952052

HEALTH CARE DATA, INC. EIN [redacted]

[redacted]

## Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

| | | (a) Pro rata share items | | (b) Total amount |
|---|---|---|---|---|
| Income (Loss) | 1 | Ordinary income (loss) from trade or business activities (page 1, line 21) | 1 | (753) |
| | 2 | Net income (loss) from rental real estate activities (attach Form 8825) | 2 | |
| | 3a | Gross income from other rental activities ... 3a | | |
| | b | Expenses from other rental activities (attach schedule) ... 3b | | |
| | c | Net income (loss) from other rental activities. Subtract line 3b from line 3a | 3c | |
| | 4 | Portfolio income (loss): | | |
| | a | Interest income | 4a | |
| | b | Dividend income | 4b | |
| | c | Royalty income | 4c | |
| | d | Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4d | |
| | e | Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4e | |
| | f | Other portfolio income (loss) (attach schedule) | 4f | |
| | 5 | Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797) | 5 | |
| | 6 | Other income (loss) (attach schedule) | 6 | |
| Deductions | 7 | Charitable contributions (attach schedule) | 7 | |
| | 8 | Section 179 expense deduction (attach Form 4562) | 8 | |
| | 9 | Deductions related to portfolio income (loss) (itemize) | 9 | |
| | 10 | Other deductions (attach schedule) | 10 | |
| Investment Interest | 11a | Interest expense on investment debts | 11a | |
| | b | (1) Investment income included on lines 4a, 4b, 4c, and 4f above | 11b(1) | |
| | | (2) Investment expenses included on line 9 above | 11b(2) | |
| Credits | 12a | Credit for alcohol used as a fuel (attach Form 6478) | 12a | |
| | b | Low-income housing credit: | | |
| | | (1) From partnerships to which sec. 42(j)(5) applies for property placed in service before 1990 | 12b(1) | |
| | | (2) Other than on line 12b(1) for property placed in service before 1990 | 12b(2) | |
| | | (3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989 | 12b(3) | |
| | | (4) Other than on line 12b(3) for property placed in service after 1989 | 12b(4) | |
| | c | Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) | 12c | |
| | d | Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | |
| | e | Credits related to other rental activities | 12e | |
| | 13 | Other credits | 13 | |
| Adjustments and Tax Preference Items | 14a | Depreciation adjustment on property placed in service after 1986 | 14a | 380 |
| | b | Adjusted gain or loss | 14b | |
| | c | Depletion (other than oil and gas) | 14c | |
| | d | (1) Gross income from oil, gas, or geothermal properties | 14d(1) | |
| | | (2) Deductions allocable to oil, gas, or geothermal properties | 14d(2) | |
| | e | Other adjustments and tax preference items (attach schedule) | 14e | |
| Foreign Taxes | 15a | Type of income ▶ | | |
| | b | Name of foreign country or U.S. possession ▶ | | |
| | c | Total gross income from sources outside the United States (attach schedule) | 15c | |
| | d | Total applicable deductions and losses (attach schedule) | 15d | |
| | e | Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | |
| | f | Reduction in taxes available for credit (attach schedule) | 15f | |
| | g | Other foreign tax information (attach schedule) | 15g | |
| Other | 16 | Section 59(e)(2) expenditures: a Type ▶ | | |
| | b | Amount | 16b | |
| | 17 | Tax-exempt interest income | 17 | |
| | 18 | Other tax-exempt income | 18 | |
| | 19 | Nondeductible expenses | 19 | |
| | 20 | Total property distributions (including cash) other than dividends reported on line 22 below | 20 | |
| | 21 | Other items and amounts required to be reported separately to shareholders (attach schedule) | | |
| | 22 | Total dividend distributions paid from accumulated earnings and profits | 22 | |
| | 23 | Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b | 23 | (753) |



Copyright Forms Software Only, 1995 Nelco, Inc. N952053

## Schedule L Balance Sheets

| | Assets | Beginning of tax year (a) | (b) | End of tax year (c) | (d) |
|---|---|---|---|---|---|
| 1 | Cash | | | | 10704 |
| 2a | Trade notes and accounts receivable | | | (400) | |
| b | Less allowance for bad debts | | | | (400) |
| 3 | Inventories | | | | |
| 4 | U.S. Government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach schedule) | | | | |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | | | 8074 | |
| b | Less accumulated depreciation | | | 1519 | 6555 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 14 | Other assets (attach schedule) | | | | |
| 15 | Total assets | | 0 | | 16859 |
| | **Liabilities and Shareholders' Equity** | | | | |
| 16 | Accounts payable | | | | 5462 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (attach schedule) | | | | |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach schedule) | | | | |
| 22 | Capital stock | | | | 8150 |
| 23 | Paid-in or capital surplus | | | | 4000 |
| 24 | Retained earnings | | | | (753) |
| 25 | Less cost of treasury stock | | ( ) | | ( ) |
| 26 | Total liabilities and shareholders' equity | | 0 | | 16859 |

## Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

(You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

| | | | | | |
|---|---|---|---|---|---|
| 1 | Net income (loss) per books | (754) | 5 | Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize): a Tax-exempt int. $ | |
| 2 | Income included on Schedule K, lines 1 through 6, not recorded on books this year: | | | | |
| 3 | Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize): a Depreciation $ b Travel and entertainment $ Rounding | 1 | 6 | Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize): a Depreciation $ | |
| | | | 7 | Add lines 5 and 6 | 0 |
| 4 | Add lines 1 through 3 | (753) | 8 | Income (loss) (Schedule K, line 23). Line 4 less line 7 | (753) |

## Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed

(See page 22 of the instructions)

| | | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|---|---|---|---|---|
| 1 | Balance at beginning of tax year | | | |
| 2 | Ordinary income from page 1, line 21 | | | |
| 3 | Other additions | | | |
| 4 | Loss from page 1, line 21 | (753) | | |
| 5 | Other reductions | ( ) | ( ) | |
| 6 | Combine lines 1 through 5 | (753) | 0 | 0 |
| 7 | Distributions other than dividend distributions | | | |
| 8 | Balance at end of tax year. Subtract line 7 from line 6 | (753) | 0 | 0 |



Copyright Forms Software Only, 1995 Nelco, Inc. N95205-4

Form **4562**

Department of Treasury
Internal Rev. Service (99)

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

▶ See separate instructions. ▶ Attach this form to your return.

OMB No. 1545-0172

**1995**

Attachment Sequence No. 67

| Name(s) shown on return | Business or activity to which this form relates | Identifying number |
|---|---|---|
| HEALTH CARE DATA, INC. | HEALTH CARE INFORMATION - Act[redacted] | |

**Part I** **Election To Expense Certain Tangible Property (Section 179)** (Note: If you have any "Listed Property," complete Part V before you complete Part I.)

| | | |
|---|---|---|
| 1 Maximum dollar limitation. If an enterprise zone business, see page 1 of the instructions | 1 | $17,500 |
| 2 Total cost of section 179 property placed in service during the tax year. See page 2 of the instructions | 2 | 8,074 |
| 3 Threshold cost of section 179 property before reduction in limitation | 3 | $200,000 |
| 4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions | 5 | 17,500 |

| 6 (a) Description of property | (b) Cost | (c) Elected cost |
|---|---|---|
| | | |
| | | |

| | | |
|---|---|---|
| 7 Listed property. Enter amount from line 27 | 7 | |
| 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 Carryover of disallowed deduction from 1994. See page 2 of the instructions | 10 | |
| 11 Taxable income limitation. Enter the smaller of taxable income (not less than zero) or line 5 (see instructions) | 11 | 0 |
| 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | 0 |
| 13 Carryover of disallowed deduction to 1996. Add lines 9 and 10, less line 12 ▶ | 13 | 0 |

**Note:** Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II** **MACRS Depreciation For Assets Placed in Service ONLY During Your 1995 Tax Year (Do Not Include Listed Property.)**

**Section A — General Asset Account Election**

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 2 of the instructions ▶ ☐

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depr. (busn./investment use only — see inst.) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---|---|---|---|---|---|---|
| **Section B — General Depreciation System (GDS) (See page 2 of the instructions.)** | | | | | | |
| 15a 3-year property | | | | | | |
| b 5-year property | | 6391 | 5 YRS | HY | 200DB | 1,278 |
| c 7-year property | | 1683 | 7 YRS | HY | 200DB | 241 |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g Residential rental property | | | 27.5 yrs. | MM | S/L | |
| | | | 27.5 yrs. | MM | S/L | |
| h Nonresidential real property | | | 39 yrs. | MM | S/L | |
| | | | | MM | S/L | |
| **Section C — Alternative Depreciation System (ADS) (See page 4 of the instructions.)** | | | | | | |
| 16a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | | | 40 yrs. | MM | S/L | |

**Part III** **Other Depreciation (Do Not Include Listed Property.)** (See page 4 of the instructions.)

| | | |
|---|---|---|
| 17 GDS and ADS deductions for assets placed in service in tax years beginning before 1995 | 17 | |
| 18 Property subject to section 168(f)(1) election | 18 | |
| 19 ACRS and other depreciation | 19 | |

**Part IV** **Summary** (See page 4 of the instructions.)

| | | |
|---|---|---|
| 20 Listed property. Enter amount from line 26 | 20 | |
| 21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. (Partnerships and S corporations — see instructions) | 21 | 1,519 |
| 22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 22 | |

For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

Form **4562** (1995)

CAA 456212 NTF 1385

Copyright Forms Software Only, 1995 Nelco, Inc. N9545021

HEALTH CARE DATA, INC. EIN [redacted]

OTHER TAXES AND LICENSES
Page 1 - Line 12
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| Licenses | 285 |
| Total Other Taxes | 285 |

OTHER DEDUCTIONS
Page 1 - Line 19
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| Postage | 1,342 |
| Telephone | 1,924 |
| Seminars, meetings, education | 1,158 |
| Miscellaneous | 233 |
| Professional fees | 2,686 |
| Office supplies | 1,314 |
| Total Other Deductions | 8,657 |

S/H # 4

**SCHEDULE K-1 (Form 1120S)**

Department of Treasury
Internal Rev. Service

# Shareholder's Share of Income, Credits, Deductions, etc.

▶ See separate instructions.

For calendar year 1995 or tax year beginning [redacted] 1995 and ending , 19

OMB No. 1545-0130

**1995**

Shareholder's identifying number ▶ [redacted]

Corporation's identifying number ▶ [redacted]

Shareholder's name, address, and ZIP code
LEONARD C. ROGERS
[redacted]

Corporation's name, address, and ZIP code
HEALTH CARE DATA, INC.
1060 SOLANO AVE, SUITE 1002
ALBANY, CA 94706

A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 24.540%

B Internal Revenue Service Center where corporation filed its return ▶ PHILADELPHIA

C Tax shelter registration number (see instructions for Schedule K-1) ▶ N/A

D Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

| | (a) Pro rata share items | | (b) Amount | (c) Form 1040 filers enter the amount in col. (b) on: |
|---|---|---|---|---|
| Income (Loss) | 1 Ordinary income (loss) from trade or business activities | 1 | (185) | See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 2 Net income (loss) from rental real estate activities | 2 | | |
| | 3 Net income (loss) from other rental activities | 3 | | |
| | 4 Portfolio income (loss): | | | |
| | a Interest | 4a | | Sch. B, Part I, line 1 |
| | b Dividends | 4b | | Sch. B, Part II, line 5 |
| | c Royalties | 4c | | Sch. E, Part I, line 4 |
| | d Net short-term capital gain (loss) | 4d | | Sch. D, line 5, col. (f) or (g) |
| | e Net long-term capital gain (loss) | 4e | | Sch. D, line 13, col. (f) or (g) |
| | f Other portfolio income (loss) (attach schedule) | 4f | | (Enter on applicable line of your return.) |
| | 5 Net gain (loss) under section 1231 (other than due to casualty or theft) | 5 | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 6 Other income (loss) (attach schedule) | 6 | | (Enter on applicable line of your return.) |
| Deductions | 7 Charitable contributions (attach schedule) | 7 | | Sch. A, line 15 or 16 |
| | 8 Section 179 expense deduction | 8 | | See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 9 Deductions related to portfolio income (loss) (attach schedule) | 9 | | |
| | 10 Other deductions (attach schedule) | 10 | | |
| Investment Interest | 11a Interest expense on investment debts | 11a | | Form 4952, line 1 |
| | b (1) Investment income included on lines 4a, 4b, 4c, and 4f above | b(1) | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | (2) Investment expenses included on line 9 above | b(2) | | |
| Credits | 12a Credit for alcohol used as fuel | 12a | | Form 6478, line 10 |
| | b Low-income housing credit: | | | |
| | (1) From section 42(j)(5) partnerships for property placed in service before 1990 | b(1) | | Form 8586, line 5 |
| | (2) Other than on line 12b(1) for property placed in service before 1990 | b(2) | | |
| | (3) From section 42(j)(5) partnerships for property placed in service after 1989 | b(3) | | |
| | (4) Other than on line 12b(3) for property placed in service after 1989 | b(4) | | |
| | c Qualified rehabilitation expenditures related to rental real estate activities | 12c | | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | | |
| | e Credits related to other rental activities | 12e | | |
| | 13 Other credits | 13 | | |
| Adjustments and Tax Preference Items | 14a Depreciation adjustment on property placed in service after 1986 | 14a | 93 | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and instructions for Form 6251 |
| | b Adjusted gain or loss | 14b | | |
| | c Depletion (other than oil and gas) | 14c | | |
| | d (1) Gross income from oil, gas, or geothermal properties | d(1) | | |
| | (2) Deductions allocable to oil, gas, or geothermal properties | d(2) | | |
| | e Other adjustments and tax preference items (attach schedule) | 14e | | |

For Paperwork Reduction Act Notice, see page 1 of instructions for Form 1120S.

Schedule K-1 (Form 1120S) 1995

CAA 1120SK112.. NTF 1799

Copyright Forms Software Only, 1995 Nelco, Inc. N0S20SK1

| | (a) Pro rata share items | | (b) Amount | (c) Form 1040 filers enter the amount in column (b) on: |
|---|---|---|---|---|
| Foreign Taxes | 15a Type of income ▶ | | | Form 1116, Check boxes |
| | b Name of foreign country or U.S. possession ▶ | | | |
| | c Total gross income from sources outside the United States (attach schedule) | 15c | | Form 1116, Part I |
| | d Total applicable deductions and losses (attach schedule) | 15d | | |
| | e Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | | Form 1116, Part II |
| | f Reduction in taxes available for credit (attach schedule) | 15f | | Form 1116, Part III |
| | g Other foreign tax information (attach schedule) | 15g | | See Inst. for Form 1116 |
| Other | 16 Section 59(e)(2) expenditures: a Type ▶ | | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | b Amount | 16b | | |
| | 17 Tax-exempt interest income | 17 | | Form 1040, line 8b |
| | 18 Other tax-exempt income | 18 | | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 19 Nondeductible expenses | 19 | | |
| | 20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV | 20 | | |
| | 21 Amount of loan repayments for "Loans From Shareholders" | 21 | | |
| | 22 Recapture of low-income housing credit: | | | |
| | a From section 42(j)(5) partnerships | 22a | | Form 8611, line 8 |
| | b Other than on line 22a | 22b | | |

Supplemental Information

23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):



Copyright Forms Software Only, 1995 Notes, Inc. N95205K2

Form **1120S**

Department of the Treasury
Internal Revenue Service

# U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

▶ See separate instructions.

OMB No. 1545-0130

**1996**

For calendar year 1996, or tax year beginning , 1996, & ending , 19

| | | |
|---|---|---|
| A Date of election as an S corporation: 06/15/95 | Use IRS label. Otherwise, please print or type. Name / Number, street, & room/suite no. / City/town, state, & ZIP code: HEALTH CARE DATA, INC. 1060 SOLANO AVE, SUITE 1002 ALBANY, CA 94706 | C Employer identification no. [redacted] |
| B Business code no. (see Specific Inst.): 8099 | | D Date incorporated: 06/15/95 |
| | | E Total assets (see Specific Inst.): $ 21,820 |

F Check applicable boxes: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Change in address (4) [ ] Amended return

G Check this box if this S corp. is subject to the consolidated audit procedures of sec. 6241 through 6245 (see inst. before checking this box) ▶ [ ]

H Enter number of shareholders in the corporation at end of the tax year ▶ 7

**Caution:** Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

| | | | | | |
|---|---|---|---|---|---|
| Income | 1a Gross receipts or sales | 29,353 | b Less returns & allowances | c Bal ▶ 1c | 29,353 |
| | 2 Cost of goods sold (Schedule A, line 8) | | | 2 | 4,274 |
| | 3 Gross profit. Subtract line 2 from line 1c | | | 3 | 25,079 |
| | 4 Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797) | | | 4 | |
| | 5 Other income (loss) (attach schedule) | | | 5 | |
| | 6 Total income (loss). Combine lines 3 through 5 ▶ | | | 6 | 25,079 |
| Deductions (see page 10 of the instructions for limitations.) | 7 Compensation of officers | | | 7 | |
| | 8 Salaries and wages (less employment credits) | | | 8 | |
| | 9 Repairs and maintenance | | | 9 | |
| | 10 Bad debts | | | 10 | |
| | 11 Rents | | | 11 | 162 |
| | 12 Taxes and licenses | | | 12 | 171 |
| | 13 Interest | | | 13 | |
| | 14a Depreciation (if required, attach Form 4562) | 14a | 3,737 | | |
| | b Depreciation claimed on Schedule A and elsewhere on return | 14b | | | |
| | c Subtract line 14b from line 14a | | | 14c | 3,737 |
| | 15 Depletion (Do not deduct oil and gas depletion.) | | | 15 | |
| | 16 Advertising | | | 16 | 4,728 |
| | 17 Pension, profit-sharing, etc., plans | | | 17 | |
| | 18 Employee benefit programs | | | 18 | |
| | 19 Other deductions (attach schedule) | | | 19 | 25,704 |
| | 20 Total deductions. Add the amounts shown in the far right column for lines 7 through 19 ▶ | | | 20 | 34,502 |
| | 21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6 | | | 21 | (9,423) |
| Tax and Payments | 22 Tax: a Excess net passive income tax (attach schedule) | 22a | | | |
| | b Tax from Schedule D (Form 1120S) | 22b | | | |
| | c Add lines 22a and 22b (see page 13 of the instructions for additional taxes) | | | 22c | |
| | 23 Payments: a 1996 estimated tax payments and amount applied from 1995 return | 23a | | | |
| | b Tax deposited with Form 7004 | 23b | | | |
| | c Credit for Federal tax paid on fuels (attach Form 4136) | 23c | | | |
| | d Add lines 23a through 23c | | | 23d | |
| | 24 Estimated tax penalty. Check if Form 2220 is attached ▶ [ ] | | | 24 | |
| | 25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 3 of the instructions for depository method of payment ▶ | | | 25 | 0 |
| | 26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶ | | | 26 | |
| | 27 Enter amount of line 26 you want: Credited to 1997 est. tax ▶ Refunded ▶ | | | 27 | |

**Please 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

**Paid Preparer's Use Only**

| | | | |
|---|---|---|---|
| Preparer's signature ▶ | Date | Check if self-employed ▶ [ ] | Preparer's SSN [redacted] |
| Firm's name (or yours if self-employed) and address ▶ | LARRY E. RABOLD, CPA<br>P.O. BOX 289<br>MYERSTOWN, PA | EIN ▶ [redacted]<br>ZIP code ▶ 17067-0289 | |

For Paperwork Reduction Act Notice, see page 1 of separate instructions. CAA 1120S12 NTF 5940 Form **1120S** (1996)

Copyright Forms Software Only, 1996 Nelco, Inc. N962051

## Schedule A Cost of Goods Sold (see page 14 of the instructions)

| | | | |
|---|---|---|---|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | 4,274 |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | 0 |
| 5 | Other costs (attach schedule) | 5 | 0 |
| 6 | Total. Add lines 1 through 5 | 6 | 4,274 |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | 4,274 |

9a Check all methods used for valuing closing inventory:
- (i) [ ] Cost as described in Regulations section 1.471-3
- (ii) [ ] Lower of cost or market as described in Regulations section 1.471-4
- (iii) [ ] Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? [ ] Yes [X] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? [ ] Yes [X] No
If "Yes," attach explanation.

## Schedule B Other Information

| | | Yes | No |
|---|---|---|---|
| 1 | Check method of accounting: (a) [ ] Cash (b) [X] Accrual (c) [ ] Other (specify) ▶ | | |
| 2 | Refer to the list on page 24 of the instructions and state the corporation's principal: (a) Business activity ▶ SERVICES (b) Product or service ▶ HEALTH CARE DATA | | |
| 3 | Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned | | X |
| 4 | Was the corporation a member of a controlled group subject to the provisions of section 1561? | | X |
| 5 | At any time during calendar year 1996, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶ | | X |
| 6 | During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see page 14 of the instructions for other forms the corporation may have to file | | X |
| 7 | Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ [ ] | | |
| 8 | Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ [ ] If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 9 | If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 14 of the instructions) ▶ $ | | |
| 10 | Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see page 15 of the instructions) ▶ [ ] | | |

## Designation of Tax Matters Person (see page 15 of the instructions)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ Identifying number of TMP ▶

Address of designated TMP ▶



Copyright Forms Software Only, 1996 Nelco, Inc. N962052

## Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

| | | (a) Pro rata share items | | (b) Total amount |
|---|---|---|---|---|
| Income (Loss) | 1 | Ordinary income (loss) from trade or business activities (page 1, line 21) | 1 | (9,423) |
| | 2 | Net income (loss) from rental real estate activities (attach Form 8825) | 2 | |
| | 3a | Gross income from other rental activities ... 3a | | |
| | b | Expenses from other rental activities (attach schedule) ... 3b | | |
| | c | Net income (loss) from other rental activities. Subtract line 3b from line 3a | 3c | |
| | 4 | Portfolio income (loss): | | |
| | a | Interest income | 4a | |
| | b | Dividend income | 4b | |
| | c | Royalty income | 4c | |
| | d | Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4d | |
| | e | Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4e | |
| | f | Other portfolio income (loss) (attach schedule) | 4f | |
| | 5 | Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797) | 5 | |
| | 6 | Other income (loss) (attach schedule) | 6 | |
| Deductions | 7 | Charitable contributions (attach schedule) | 7 | |
| | 8 | Section 179 expense deduction (attach Form 4562) | 8 | |
| | 9 | Deductions related to portfolio income (loss) (itemize) | 9 | |
| | 10 | Other deductions (attach schedule) | 10 | |
| Investment Interest | 11a | Interest expense on investment debts | 11a | |
| | b | (1) Investment income included on lines 4a, 4b, 4c, and 4f above | 11b(1) | |
| | | (2) Investment expenses included on line 9 above | 11b(2) | |
| Credits | 12a | Credit for alcohol used as a fuel (attach Form 6478) | 12a | |
| | b | Low-income housing credit: | | |
| | | (1) From partnerships to which sec. 42(j)(5) applies for property placed in service before 1990 | 12b(1) | |
| | | (2) Other than on line 12b(1) for property placed in service before 1990 | 12b(2) | |
| | | (3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989 | 12b(3) | |
| | | (4) Other than on line 12b(3) for property placed in service after 1989 | 12b(4) | |
| | c | Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) | 12c | |
| | d | Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | |
| | e | Credits related to other rental activities | 12e | |
| | 13 | Other credits | 13 | |
| Adjustments and Tax Preference Items | 14a | Depreciation adjustment on property placed in service after 1986 | 14a | 577 |
| | b | Adjusted gain or loss | 14b | |
| | c | Depletion (other than oil and gas) | 14c | |
| | d | (1) Gross income from oil, gas, or geothermal properties | 14d(1) | |
| | | (2) Deductions allocable to oil, gas, or geothermal properties | 14d(2) | |
| | e | Other adjustments and tax preference items (attach schedule) | 14e | |
| Foreign Taxes | 15a | Type of income ▶ | | |
| | b | Name of foreign country or U.S. possession ▶ | | |
| | c | Total gross income from sources outside the United States (attach schedule) | 15c | |
| | d | Total applicable deductions and losses (attach schedule) | 15d | |
| | e | Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | |
| | f | Reduction in taxes available for credit (attach schedule) | 15f | |
| | g | Other foreign tax information (attach schedule) | 15g | |
| Other | 16 | Section 59(e)(2) expenditures: a Type ▶ | | |
| | b | Amount | 16b | |
| | 17 | Tax-exempt interest income | 17 | |
| | 18 | Other tax-exempt income | 18 | |
| | 19 | Nondeductible expenses | 19 | 22 |
| | 20 | Total property distributions (including cash) other than dividends reported on line 22 below | 20 | |
| | 21 | Other items and amounts required to be reported separately to shareholders (attach schedule) | | |
| | 22 | Total dividend distributions paid from accumulated earnings and profits | 22 | |
| | 23 | Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b | 23 | (9,423) |



Copyright Forms Software Only, 1996 Nelco, Inc. N962053

## Schedule L Balance Sheets per Books

| | Assets | Beginning of tax year (a) | (b) | End of tax year (c) | (d) |
|---|---|---|---|---|---|
| 1 | Cash | | 10303 | | 11218 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | | | | |
| 3 | Inventories | | | | |
| 4 | U.S. Government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach schedule) | | | | |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | 8074 | | 15858 | |
| b | Less accumulated depreciation | 1519 | 6555 | 5256 | 10602 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 14 | Other assets (attach schedule) | | | | |
| 15 | Total assets | | 16858 | | 21820 |
| | **Liabilities and Shareholders' Equity** | | | | |
| 16 | Accounts payable | | 5462 | | 34 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | 19835 |
| 18 | Other current liabilities (attach schedule) | | | | |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach schedule) | | | | |
| 22 | Capital stock | | 8150 | | 8150 |
| 23 | Paid-in or capital surplus | | 4000 | | 4000 |
| 24 | Retained earnings | | (754) | | (10199) |
| 25 | Less cost of treasury stock | | ( ) | | ( ) |
| 26 | Total liabilities and shareholders' equity | | 16858 | | 21820 |

## Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

(You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

| | | | | | |
|---|---|---|---|---|---|
| 1 | Net income (loss) per books | (9446) | 5 | Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize): a Tax-exempt int. $ | |
| 2 | Income included on Schedule K, lines 1 through 6, not recorded on books this year: | | | | |
| 3 | Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize): a Depreciation $ b Travel and entertainment $ 22 Rounding 1 | | 6 | Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize): a Depreciation $ | |
| | | | 7 | Add lines 5 and 6 | 0 |
| 4 | Add lines 1 through 3 | (9423) | 8 | Income (loss) (Schedule K, line 23). Line 4 less line 7 | (9423) |

## Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed

(see page 22 of the instructions)

| | | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|---|---|---|---|---|
| 1 | Balance at beginning of tax year | (754) | | |
| 2 | Ordinary income from page 1, line 21 | | | |
| 3 | Other additions | | | |
| 4 | Loss from page 1, line 21 | ( 9,423) | | |
| 5 | Other reductions | ( 22) | ( ) | |
| 6 | Combine lines 1 through 5 | (10,199) | 0 | 0 |
| 7 | Distributions other than dividend distributions | | | |
| 8 | Balance at end of tax year. Subtract line 7 from line 6 | (10,199) | 0 | 0 |


Copyright Forms Software Only, 1996 Nelco, Inc. N9820S4

Form **4562**

Department of Treasury
Internal Rev. Service (99)

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

▶ See separate instructions. ▶ Attach this form to your return.

OMB No. 1545-0172

**1996**

Attachment Sequence No. 67

Name(s) shown on return: HEALTH CARE DATA, INC.

Business or activity to which this form relates: HEALTH CARE INFORMATION - Act

Identifying number: [redacted]

**Part I** **Election To Expense Certain Tangible Property (Section 179)** (Note: If you have any "listed property," complete Part V before you complete Part I.)

| | | |
|---|---|---|
| 1 Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions | 1 | $17,500 |
| 2 Total cost of section 179 property placed in service. See page 2 of the instructions | 2 | 7,784 |
| 3 Threshold cost of section 179 property before reduction in limitation | 3 | $200,000 |
| 4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions | 5 | 17,500 |

| 6 (a) Description of property | (b) Cost (busn. use only) | (c) Elected cost |
|---|---|---|
| | | |
| | | |

| | | | |
|---|---|---|---|
| 7 Listed property. Enter amount from line 27 | 7 | | |
| 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | | 8 | |
| 9 Tentative deduction. Enter the smaller of line 5 or line 8 | | 9 | |
| 10 Carryover of disallowed deduction from 1995. See page 2 of the instructions | | 10 | |
| 11 Business income limitation. Enter the smaller of busn. income (not less than zero) or line 5 (see instructions) | | 11 | 0 |
| 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | | 12 | 0 |
| 13 Carryover of disallowed deduction to 1997. Add lines 9 and 10, less line 12 ▶ | 13 | | 0 |

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II** **MACRS Depreciation For Assets Placed In Service ONLY During Your 1996 Tax Year (Do Not Include Listed Property.)**

**Section A — General Asset Account Election**

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 2 of the instructions ▶ ☐

**Section B — General Depreciation System (GDS)** (See page 3 of the instructions.)

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depr. (busn./investment use only — see inst.) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---|---|---|---|---|---|---|
| 15a 3-year property | | | | | | |
| b 5-year property | | 2937 | 5 YRS | HY | 200DB | 587 |
| c 7-year property | | 4847 | VAR | HY | VAR | 693 |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs. | | S/L | |
| h Residential rental | | | 27.5 yrs. | MM | S/L | |
| property | | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real | | | 39 yrs. | MM | S/L | |
| property | | | | MM | S/L | |

**Section C — Alternative Depreciation System (ADS)** (See page 4 of the instructions.)

| | | | | | | |
|---|---|---|---|---|---|---|
| 16a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | | | 40 yrs. | MM | S/L | |

**Part III** **Other Depreciation (Do Not Include Listed Property.)** (See page 4 of the instructions.)

| | | |
|---|---|---|
| 17 GDS and ADS deductions for assets placed in service in tax years beginning before 1996 | 17 | 2,457 |
| 18 Property subject to section 168(f)(1) election | 18 | |
| 19 ACRS and other depreciation | 19 | |

**Part IV** **Summary** (See page 4 of the instructions.)

| | | |
|---|---|---|
| 20 Listed property. Enter amount from line 26 | 20 | |
| 21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions | 21 | 3,737 |
| 22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 22 | |

For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

Form **4562** (1996)

CAA 456212 NTF 5301

HEALTH CARE DATA, INC. EIN [redacted]

OTHER TAXES AND LICENSES
Page 1 - Line 12
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| Miscellaneous taxes | 10 |
| Licenses | 161 |
| Total Other Taxes | 171 |

OTHER DEDUCTIONS
Page 1 - Line 19
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| Entertainment Expense | 21 |
| Postage | 1,756 |
| Telephone | 2,165 |
| Travel expenses | 2,402 |
| Seminars, meetings, education | 4,717 |
| Subscriptions, dues & books | 534 |
| Miscellaneous | 34 |
| Professional fees | 775 |
| Consulting fees | 11,000 |
| Office supplies | 2,300 |
| Total Other Deductions | 25,704 |

HEALTH CARE DATA, INC. EIN [redacted]

TAX PREFERENCE ITEMS
Schedule K - Line 14a
Supplemental Schedule

Section A - Depreciation Adjustment - Post 86 Property

| Activity Description | | Amount |
|---|---|---|
| HEALTH CARE INFORMATION | | 577 |
| | Total | 577 |

NONDEDUCTIBLE EXPENSES
Schedule K - Line 19
Supplemental Schedule

| Activity Description | Nondeductible Expense | Amount |
|---|---|---|
| HEALTH CARE INFORMATION | Meals & Entertain 50% ND-Pg 1 | 22 |
| | Total | 22 |

HEALTH CARE DATA, INC. EIN [redacted]

ACCUMULATED ADJUSTMENT ACCOUNT
OTHER REDUCTIONS
Schedule M2 - Line 5
Supplemental Schedule

| Description | Amount |
|---|---|
| Meals/Entertain-50% Ded -Pg 1 | 22 |
| Total | 22 |

Form **7004**
(Rev. June 1995)
Department of Treasury
Internal Rev. Service

# Application for Automatic Extension of Time To File Corporation Income Tax Return

OMB No. 1545-0233

[redacted]

Name of corporation
HEALTH CARE DATA, INC.

Number, street, and room or suite no. (If a P.O. box or outside the United States, see instructions.)
1060 SOLANO AVE, SUITE 1002

City or town, state, and ZIP code
ALBANY, CA 94706

Check type of return to be filed:

| | | | | |
|---|---|---|---|---|
| ☐ Form 1120 | ☐ Form 1120-FSC | ☐ Form 1120-ND | ☐ Form 1120-REIT | ☐ Form 1120-SF |
| ☐ Form 1120-A | ☐ Form 1120-H | ☐ Form 1120-PC | ☐ Form 1120-RIC | ☐ Form 990-C |
| ☐ Form 1120-F | ☐ Form 1120-L | ☐ Form 1120-POL | ☒ Form 1120S | ☐ Form 990-T |

Form 1120-F filers: Check here if you do not have an office or place of business in the United States ▶ ☐

1a I request an automatic 6-month (or, for certain corporations, 3-month) extension of time until September 15, 1997, to file the income tax return of the corporation named above for ▶ ☒ calendar year 19 96 or ▶ ☐ tax year beginning _____, 19____, and ending _____, 19____.

b If this tax year is for less than 12 months, check reason:
☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

| Name and address of each member of the affiliated group | Employer identification number | Tax period |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 Tentative tax (see instructions) | | | | | 3 | |
| 4 Credits: | | | | | | |
| a Overpayment credited from prior year | 4a | | | | | |
| b Estimated tax payments for the tax year | 4b | | | | | |
| c Less refund for the tax year applied for on Form 4466 | 4c | ( ) | Bal ▶ | 4d | | |
| e Credit from regulated investment companies | | | | 4e | | |
| f Credit for Federal tax on fuels | | | | 4f | | |
| 5 Total. Add lines 4d through 4f | | | | | 5 | |
| 6 Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (FTD) Coupon (see instructions) | | | | | 6 | |

Signature. — Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

| | | |
|---|---|---|
| [signature] | CFA | 3.10.97 |
| (Signature of officer or agent) | (Title) | (Date) |

For Paperwork Reduction Act Notice, see instructions.

Form **7004** (Rev. 6-95)

CAA 70041 NTF 9834

Copyright Forms Software Only, 1996 Nelco, Inc. N9870041

S/H # 4

**SCHEDULE K-1 (Form 1120S)**

Department of the Treasury
Internal Revenue Service

# Shareholder's Share of Income, Credits, Deductions, etc.

▶ See separate instructions.

For calendar year 1996 or tax year beginning , 1996, and ending , 19

OMB No. 1545-0130

**1996**

Shareholder's identifying number ▶ [redacted]

Corporation's identifying number ▶ [redacted]

[redacted]

Corporation's name, address, and ZIP code

HEALTH CARE DATA, INC.
1060 SOLANO AVE, SUITE 1002
ALBANY, CA 94706

A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 24.540%

B Internal Revenue Service Center where corporation filed its return ▶ PHILADELPHIA

C Tax shelter registration number (see instructions for Schedule K-1) ▶ N/A

D Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

| | (a) Pro rata share items | | (b) Amount | (c) Form 1040 filers enter the amount in col. (b) on: |
|---|---|---|---|---|
| Income (Loss) | 1 Ordinary income (loss) from trade or business activities | 1 | (2,312) | See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 2 Net income (loss) from rental real estate activities | 2 | | |
| | 3 Net income (loss) from other rental activities | 3 | | |
| | 4 Portfolio income (loss): | | | |
| | a Interest | 4a | | Sch. B, Part I, line 1 |
| | b Dividends | 4b | | Sch. B, Part II, line 5 |
| | c Royalties | 4c | | Sch. E, Part I, line 4 |
| | d Net short-term capital gain (loss) | 4d | | Sch. D, line 5, col. (f) or (g) |
| | e Net long-term capital gain (loss) | 4e | | Sch. D, line 13, col. (f) or (g) (Enter on applicable line of your return.) |
| | f Other portfolio income (loss) (attach schedule) | 4f | | |
| | 5 Net gain (loss) under section 1231 (other than due to casualty or theft) | 5 | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 6 Other income (loss) (attach schedule) | 6 | | (Enter on applicable line of your return.) |
| Deductions | 7 Charitable contributions (attach schedule) | 7 | | Sch. A, line 15 or 16 |
| | 8 Section 179 expense deduction | 8 | | See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 9 Deductions related to portfolio income (loss) (attach schedule) | 9 | | |
| | 10 Other deductions (attach schedule) | 10 | | |
| Investment Interest | 11a Interest expense on investment debts | 11a | | Form 4952, line 1 |
| | b (1) Investment income included on lines 4a, 4b, 4c, and 4f above | b(1) | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | (2) Investment expenses included on line 9 above | b(2) | | |
| Credits | 12a Credit for alcohol used as fuel | 12a | | Form 6478, line 10 |
| | b Low-income housing credit: | | | |
| | (1) From section 42(j)(5) partnerships for property placed in service before 1990 | b(1) | | Form 8586, line 5 |
| | (2) Other than on line 12b(1) for property placed in service before 1990 | b(2) | | |
| | (3) From section 42(j)(5) partnerships for property placed in service after 1989 | b(3) | | |
| | (4) Other than on line 12b(3) for property placed in service after 1989 | b(4) | | |
| | c Qualified rehabilitation expenditures related to rental real estate activities | 12c | | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | | |
| | e Credits related to other rental activities | 12e | | |
| | 13 Other credits | 13 | | |
| Adjustments and Tax Preference Items | 14a Depreciation adjustment on property placed in service after 1986 | 14a | 141 | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251 |
| | b Adjusted gain or loss | 14b | | |
| | c Depletion (other than oil and gas) | 14c | | |
| | d (1) Gross income from oil, gas, or geothermal properties | d(1) | | |
| | (2) Deductions allocable to oil, gas, or geothermal properties | d(2) | | |
| | e Other adjustments and tax preference items (attach schedule) | 14e | | |

For Paperwork Reduction Act Notice, see page 1 of Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 1996

CAA 1120SK112 NTF 5984

Copyright Forms Software Only, 1996 Nelco, Inc. N9620SK1

| | (a) Pro rata share items | | (b) Amount | (c) Form 1040 filers enter the amount in column (b) on: |
|---|---|---|---|---|
| Foreign Taxes | 15a Type of income ▶ | | | Form 1116, Check boxes |
| | b Name of foreign country or U.S. possession ▶ | | | |
| | c Total gross income from sources outside the United States (attach schedule) | 15c | | ▶ Form 1116, Part I |
| | d Total applicable deductions and losses (attach schedule) | 15d | | |
| | e Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | | Form 1116, Part II |
| | f Reduction in taxes available for credit (attach schedule) | 15f | | Form 1116, Part III |
| | g Other foreign tax information (attach schedule) | 15g | | See Inst. for Form 1116 |
| Other | 16 Section 59(e)(2) expenditures: a Type ▶ | | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | b Amount | 16b | | |
| | 17 Tax-exempt interest income | 17 | | Form 1040, line 8b |
| | 18 Other tax-exempt income | 18 | | See pages 7 and 8 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 19 Nondeductible expenses | 19 | 5 | |
| | 20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV | 20 | | |
| | 21 Amount of loan repayments for "Loans From Shareholders" | 21 | | |
| | 22 Recapture of low-income housing credit: | | | |
| | a From section 42(j)(5) partnerships | 22a | | ▶ Form 8611, line 8 |
| | b Other than on line 22a | 22b | | |

Supplemental Information

23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):



Copyright Forms Software Only, 1996 Nelco, Inc. N9620SK2

3164

Form **1120S**

Department of the Treasury
Internal Revenue Service

# U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

▶ See separate instructions.

OMB No. 1545-0130

**1997**

For calendar year 1997, or tax year beginning , 1997, & ending , 19

| | | |
|---|---|---|
| A Date of election as an S corporation: 06/15/95 | Use IRS label. Otherwise, please print or type. Name / Number, street, & room/suite no. / City/town, state, & ZIP code: HEALTH CARE DATA, INC. P. O. BOX 234010 ENCINITAS, CA 92023 | C Employer identification no. [redacted] |
| B Business code no. (see Specific Inst.): 8099 | | D Date incorporated: 06/15/95 |
| | | E Total assets (see Specific Inst.): $ 69,561 |

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☒ Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶ 4

**Caution:** Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

| | | | | | |
|---|---|---|---|---|---|
| Income | 1a | Gross receipts or sales | 126,500 | b Less returns and allowances ____ c Bal ▶ 1c | 126,500 |
| | 2 | Cost of goods sold (Schedule A, line 8) | | 2 | 92,664 |
| | 3 | Gross profit. Subtract line 2 from line 1c | | 3 | 33,836 |
| | 4 | Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | 4 | |
| | 5 | Other income (loss) (attach schedule) | | 5 | |
| | 6 | Total income (loss). Combine lines 3 through 5 ▶ | | 6 | 33,836 |
| Deductions (see page 10 of the instructions for limitations) | 7 | Compensation of officers | | 7 | |
| | 8 | Salaries and wages (less employment credits) | | 8 | |
| | 9 | Repairs and maintenance | | 9 | 195 |
| | 10 | Bad debts | | 10 | |
| | 11 | Rents | | 11 | |
| | 12 | Taxes and licenses | | 12 | 1,600 |
| | 13 | Interest | | 13 | 5,427 |
| | 14a | Depreciation (if required, attach Form 4562) | 14a 4,504 | | |
| | b | Depreciation claimed on Schedule A and elsewhere on return | 14b | | |
| | c | Subtract line 14b from line 14a | | 14c | 4,504 |
| | 15 | Depletion (Do not deduct oil and gas depletion.) | | 15 | |
| | 16 | Advertising | | 16 | |
| | 17 | Pension, profit-sharing, etc., plans | | 17 | |
| | 18 | Employee benefit programs | | 18 | |
| | 19 | Other deductions (attach schedule) | | 19 | 74,431 |
| | 20 | Total deductions. Add the amounts shown in the far right column for lines 7 through 19 ▶ | | 20 | 86,157 |
| | 21 | Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6 | | 21 | (52,321) |
| Tax and Payments | 22 | Tax: a Excess net passive income tax (attach schedule) | 22a | | |
| | b | Tax from Schedule D (Form 1120S) | 22b | | |
| | c | Add lines 22a and 22b (see pages 12 and 13 of the instructions for additional taxes) | | 22c | |
| | 23 | Payments: a 1997 estimated tax payments and amount applied from 1996 return | 23a | | |
| | b | Tax deposited with Form 7004 | 23b | | |
| | c | Credit for Federal tax paid on fuels (attach Form 4136) | 23c | | |
| | d | Add lines 23a through 23c | | 23d | |
| | 24 | Estimated tax penalty. Check if Form 2220 is attached ▶ ☐ | | 24 | |
| | 25 | Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 4 of the instructions for depository method of payment ▶ | | 25 | 0 |
| | 26 | Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶ | | 26 | |
| | 27 | Enter amount of line 26 you want: Credited to 1998 est. tax ▶ Refunded ▶ | | 27 | |

**Please 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

**Paid Preparer's Use Only**

Preparer's signature ▶ | Date | Check if self-employed ▶ ☐ | Preparer's SSN [redacted]

Firm's name (or yours if self-employed) and address ▶ LARRY E. RABOLD, CPA, P.O. BOX 289, MYERSTOWN, PA | EIN ▶ | ZIP code ▶ [redacted] 17067-0289

For Paperwork Reduction Act Notice, see the separate instructions.

CAA 7 1120S12 NTF 12230 GLD 2873 Form **1120S** (1997)

Copyright Forms Software Only, 1997 Nelco

## Schedule A Cost of Goods Sold (see page 13 of the instructions)

| | | | |
|---|---|---|---|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | 92,664 |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | 0 |
| 5 | Other costs (attach schedule) | 5 | 0 |
| 6 | Total. Add lines 1 through 5 | 6 | 92,664 |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | 92,664 |

9a Check all methods used for valuing closing inventory:
- (i) [ ] Cost as described in Regulations section 1.471-3
- (ii) [ ] Lower of cost or market as described in Regulations section 1.471-4
- (iii) [ ] Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ [ ]

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? [ ] Yes [X] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? [ ] Yes [X] No
If "Yes," attach explanation.

## Schedule B Other Information

| | | Yes | No |
|---|---|---|---|
| 1 | Check method of accounting: (a) [ ] Cash (b) [X] Accrual (c) [ ] Other (specify) ▶ | | |
| 2 | Refer to the list on page 23 of the instructions and state the corporation's principal: (a) Business activity ▶ SERVICES (b) Product or service ▶ HEALTH CARE DATA | | |
| 3 | Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned | | X |
| 4 | Was the corporation a member of a controlled group subject to the provisions of section 1561? | | X |
| 5 | At any time during calendar year 1997, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶ | | X |
| 6 | During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520 or 926. See page 14 of the instructions | | X |
| 7 | Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ [ ] | | |
| 8 | Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ [ ] If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 9 | If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 14 of the instructions) ▶ $ | | |
| 10 | Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 14 of the instructions) ▶ [ ] | | |


Copyright Forms Software Only, 1997 Nelco

## Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

| | | (a) Pro rata share items | | (b) Total amount |
|---|---|---|---|---|
| Income (Loss) | 1 | Ordinary income (loss) from trade or business activities (page 1, line 21) | 1 | (52,321) |
| | 2 | Net income (loss) from rental real estate activities (attach Form 8825) | 2 | |
| | 3a | Gross income from other rental activities ... 3a | | |
| | b | Expenses from other rental activities (attach schedule) ... 3b | | |
| | c | Net income (loss) from other rental activities. Subtract line 3b from line 3a | 3c | |
| | 4 | Portfolio income (loss): | | |
| | a | Interest income | 4a | |
| | b | Dividend income | 4b | |
| | c | Royalty income | 4c | |
| | d | Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4d | |
| | e | Net long-term capital gain (loss) (attach Schedule D (Form 1120S)): | | |
| | | (1) 28% rate gain (loss) ▶ (2) Total for year ▶ | 4e(2) | |
| | f | Other portfolio income (loss) (attach schedule) | 4f | |
| | 5 | Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797): | | |
| | a | 28% rate gain (loss) ▶ b Total for year ▶ | 5b | |
| | 6 | Other income (loss) (attach schedule) | 6 | |
| Deductions | 7 | Charitable contributions (attach schedule) | 7 | |
| | 8 | Section 179 expense deduction (attach Form 4562) | 8 | |
| | 9 | Deductions related to portfolio income (loss) (itemize) | 9 | |
| | 10 | Other deductions (attach schedule) | 10 | |
| Investment Interest | 11a | Interest expense on investment debts | 11a | |
| | b | (1) Investment income included on lines 4a, 4b, 4c, and 4f above | 11b(1) | |
| | | (2) Investment expenses included on line 9 above | 11b(2) | |
| Credits | 12a | Credit for alcohol used as a fuel (attach Form 6478) | 12a | |
| | b | Low-income housing credit: | | |
| | | (1) From partnerships to which sec. 42(j)(5) applies for property placed in service before 1990 | 12b(1) | |
| | | (2) Other than on line 12b(1) for property placed in service before 1990 | 12b(2) | |
| | | (3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989 | 12b(3) | |
| | | (4) Other than on line 12b(3) for property placed in service after 1989 | 12b(4) | |
| | c | Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) | 12c | |
| | d | Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | |
| | e | Credits related to other rental activities | 12e | |
| | 13 | Other credits | 13 | |
| Adjustments and Tax Preference Items | 14a | Depreciation adjustment on property placed in service after 1986 | 14a | 234 |
| | b | Adjusted gain or loss | 14b | |
| | c | Depletion (other than oil and gas) | 14c | |
| | d | (1) Gross income from oil, gas, or geothermal properties | 14d(1) | |
| | | (2) Deductions allocable to oil, gas, or geothermal properties | 14d(2) | |
| | e | Other adjustments and tax preference items (attach schedule) | 14e | |
| Foreign Taxes | 15a | Type of income ▶ | | |
| | b | Name of foreign country or U.S. possession | | |
| | c | Total gross income from sources outside the United States (attach schedule) | 15c | |
| | d | Total applicable deductions and losses (attach schedule) | 15d | |
| | e | Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | |
| | f | Reduction in taxes available for credit (attach schedule) | 15f | |
| | g | Other foreign tax information (attach schedule) | 15g | |
| Other | 16 | Section 59(e)(2) expenditures: a Type ▶ b Amount ▶ | 16b | |
| | 17 | Tax-exempt interest income | 17 | |
| | 18 | Other tax-exempt income | 18 | |
| | 19 | Nondeductible expenses | 19 | 54 |
| | 20 | Total property distributions (including cash) other than dividends reported on line 22 below | 20 | |
| | 21 | Other items and amounts required to be reported separately to shareholders (attach schedule) | | |
| | 22 | Total dividend distributions paid from accumulated earnings and profits | 22 | |
| | 23 | Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b | 23 | (52,321) |


Copyright Forms Software Only, 1997 Nelco

**Schedule L Balance Sheets per Books**

| | Assets | Beginning of tax year (a) | Beginning of tax year (b) | End of tax year (c) | End of tax year (d) |
|---|---|---|---|---|---|
| 1 | Cash | | 11217 | | 59182 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | | | | |
| 3 | Inventories | | | | |
| 4 | U.S. Government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach schedule) | | | | |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | 15858 | | 20139 | |
| b | Less accumulated depreciation | 5256 | 10602 | 9760 | 10379 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 14 | Other assets (attach schedule) | | | | |
| 15 | Total assets | | 21819 | | 69561 |
| | **Liabilities and Shareholders' Equity** | | | | |
| 16 | Accounts payable | | 34 | | 69851 |
| 17 | Mortgages, notes, bonds payable in less than 1 yr | | 19835 | | 50135 |
| 18 | Other current liabilities (attach schedule) | | | | |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach schedule) | | | | |
| 22 | Capital stock | | 8150 | | 8150 |
| 23 | Additional paid-in capital | | 4000 | | 4000 |
| 24 | Retained earnings | | (10200) | | (62575) |
| 25 | Adjustments to shareholders' equity (attach sch.) | | | | |
| 26 | Less cost of treasury stock | | ( ) | | ( ) |
| 27 | Total liabilities and shareholders' equity | | 21819 | | 69561 |

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

| | | | | |
|---|---|---|---|---|
| 1 | Net income (loss) per books | (52374) | 5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize): a Tax-exempt int. $ | |
| 2 | Income included on Schedule K, lines 1 through 6, not recorded on books this year | | 6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize): a Depreciation $ | |
| 3 | Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize): a Depreciation $ b Travel and entertainment $ | | Rounding | 1 |
| | ND Loss/Exp-Tax Exmpt Inc | 54 | 7 Add lines 5 and 6 | 1 |
| 4 | Add lines 1 through 3 | (52320) | 8 Income (loss) (Schedule K, line 23). Line 4 less line 7 | (52321) |

**Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (see page 21 of the instructions)

| | | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|---|---|---|---|---|
| 1 | Balance at beginning of tax year | (10,200) | | |
| 2 | Ordinary income from page 1, line 21 | | | |
| 3 | Other additions | | | |
| 4 | Loss from page 1, line 21 | ( 52,321) | | |
| 5 | Other reductions | ( 54) | ( ) | |
| 6 | Combine lines 1 through 5 | (62,575) | 0 | 0 |
| 7 | Distributions other than dividend distributions | | | |
| 8 | Balance at end of tax year. Subtract line 7 from line 6 | (62,575) | 0 | 0 |


Copyright Forms Software Only, 1997 Nelco

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

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

▶ See separate instructions. ▶ Attach this form to your return.

OMB No. 1545-0172

**1997**
Attachment Sequence No. 67

Name(s) shown on return: HEALTH CARE DATA, INC.

Business or activity to which this form relates: HEALTH CARE INFORMATION - Act [redacted]

**Part I** **Election To Expense Certain Tangible Property (Section 179)** (Note: If you have any listed property, complete Part V before you complete Part I.)

| | | |
|---|---|---|
| 1 Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions | 1 | $18,000 |
| 2 Total cost of section 179 property placed in service. See page 2 of the instructions | 2 | 4,282 |
| 3 Threshold cost of section 179 property before reduction in limitation | 3 | $200,000 |
| 4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions | 5 | 18,000 |

| 6 (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
|---|---|---|
| | | |
| | | |

| | | |
|---|---|---|
| 7 Listed property. Enter amount from line 27 | 7 | |
| 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 Carryover of disallowed deduction from 1996. See page 3 of the instructions | 10 | |
| 11 Business income limitation. Enter smaller of business income (not less than zero) or line 5 (see instructions) | 11 | 0 |
| 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | 0 |
| 13 Carryover of disallowed deduction to 1998. Add lines 9 and 10, less line 12 ▶ | 13 | 0 |

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II** **MACRS Depreciation For Assets Placed in Service ONLY During Your 1997 Tax Year (Do Not Include Listed Property.)**

**Section A — General Asset Account Election**

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions ▶ ☐

**Section B — General Depreciation System (GDS)** (See page 3 of the instructions.)

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depr. (business/investment use only — see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---|---|---|---|---|---|---|
| 15a 3-year property | | | | | | |
| b 5-year property | | 4282 | 5 YRS | HY | 200DB | 856 |
| 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 | |
| | | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | | | 39 yrs. | MM | S/L | |
| | | | | MM | S/L | |

**Section C — Alternative Depreciation System (ADS)** (See page 6 of the instructions.)

| | | | | | | |
|---|---|---|---|---|---|---|
| 16a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | | | 40 yrs. | MM | S/L | |

**Part III** **Other Depreciation (Do Not Include Listed Property.)** (See page 6 of the instructions.)

| | | |
|---|---|---|
| 17 GDS and ADS deductions for assets placed in service in tax years beginning before 1997 | 17 | 3,648 |
| 18 Property subject to section 168(f)(1) election | 18 | |
| 19 ACRS and other depreciation | 19 | |

**Part IV** **Summary** (See page 7 of the instructions.)

| | | |
|---|---|---|
| 20 Listed property. Enter amount from line 26 | 20 | |
| 21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions | 21 | 4,504 |
| 22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 22 | |

For Paperwork Reduction Act Notice, see the separate instructions.

Form **4562** (1997)

CAA 7 456212 NTF 1997

Copyright Forms Software Only, 1997 Nelco, Inc.

## Part V Listed Property — Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A — Depreciation and Other Information (Caution: See page 8 of the instructions for limits for passenger automobiles.)**

23a Do you have evidence to support business/investment use claimed? ☐ Yes ☐ No 23b If "Yes," is the evidence written? ☐ Yes ☐ No

| (a) Type of property (list vehicles first) | (b) Date placed in service | (c) Busn./ investment use percentage | (d) Cost or other basis | (e) Basis for depr. (busn./investment use only) | (f) Recovery period | (g) Method/ Convention | (h) Depreciation deduction | (i) Elected section 179 cost |
|---|---|---|---|---|---|---|---|---|
| 24 Property used more than 50% in a qualified business use (See page 7 of the instructions.): | | | | | | | | |
| | | % | | | | | | |
| | | % | | | | | | |
| | | % | | | | | | |
| 25 Property used 50% or less in a qualified business use (See page 7 of the instructions.): | | | | | | | | |
| | | % | | | | S/L- | | |
| | | % | | | | S/L- | | |
| | | % | | | | S/L- | | |

26 Add amounts in column (h). Enter the total here and on line 20, page 1 . . . . . 26

27 Add amounts in column (i). Enter the total here and on line 7, page 1 . . . . . 27

**Section B — Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| | (a) Vehicle 1 | | (b) Vehicle 2 | | (c) Vehicle 3 | | (d) Vehicle 4 | | (e) Vehicle 5 | | (f) Vehicle 6 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 28 Total business/investment miles driven during year (DO NOT include commuting miles) . . . | | | | | | | | | | | | |
| 29 Total commuting miles driven during year . . . | | | | | | | | | | | | |
| 30 Total other personal (noncommuting) miles driven . . . . . | | | | | | | | | | | | |
| 31 Total miles driven during the year. Add lines 28 through 30 . . . . . | | | | | | | | | | | | |
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 32 Was the vehicle available for personal use during off-duty hours? . . . . . | | | | | | | | | | | | |
| 33 Was the vehicle used primarily by a more than 5% owner or related person? . . . . . | | | | | | | | | | | | |
| 34 Is another vehicle available for personal use? . . . . . | | | | | | | | | | | | |

**Section C — Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

| | Yes | No |
|---|---|---|
| 35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . . | | |
| 36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 9 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . . | | |
| 37 Do you treat all use of vehicles by employees as personal use? . . . . . | | |
| 38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . . | | |
| 39 Do you meet the requirements concerning qualified automobile demonstration use? See page 9 of the instructions . . . . . | | |

**Note:** If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

## Part VI Amortization

| (a) Description of costs | (b) Date amortization begins | (c) Amortizable amount | (d) Code section | (e) Amortization period or percentage | (f) Amortization for this year |
|---|---|---|---|---|---|
| 40 Amortization of costs that begins during your 1997 tax year: | | | | | |
| | | | | | |
| | | | | | |

41 Amortization of costs that began before 1997 . . . . . 41

42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return . . . . . 42


Copyright Forms Software Only, 1997 Nelco

HEALTH CARE DATA, INC. E[redacted]

OTHER TAXES AND LICENSES
Page 1 - Line 12
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| State net income tax | 1,600 |
| Total Other Taxes | 1,600 |

OTHER DEDUCTIONS
Page 1 - Line 19
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| Postage | 4,477 |
| Telephone | 11,532 |
| ravel expenses | 2,267 |
| eminars, meetings, education | 3,780 |
| Subscriptions, dues & books | 20 |
| Commissions | 8,500 |
| Supplies | 653 |
| Professional fees | 39,625 |
| Office supplies | 3,577 |
| Total Other Deductions | 74,431 |

HEALTH CARE DATA, INC. EIN[redacted]

TAX PREFERENCE ITEMS
Schedule K - Line 14a
Supplemental Schedule

Section A - Depreciation Adjustment - Post 86 Property

| Activity Description | | Amount |
|---|---|---|
| HEALTH CARE INFORMATION | | 234 |
| | Total | 234 |

NONDEDUCTIBLE EXPENSES
Schedule K - Line 19
Supplemental Schedule

| Activity Description | Nondeductible Expense | Amount |
|---|---|---|
| ALTH CARE INFORMATION | Nonded Losses & Expenses | 54 |
| | Total | 54 |

HEALTH CARE DATA, INC. EIN [redacted]

ACCUMULATED ADJUSTMENT ACCOUNT
OTHER REDUCTIONS
Schedule M2 - Line 5
Supplemental Schedule

| Description | Amount |
|---|---|
| Nondeduct Loss-Tax Exempt Inc | 54 |
| Total | 54 |

1997 AMENDED

INCOME YEAR

# California S Corporation Franchise or Income Tax Return

FORM **100S**

[redacted]

For income year beginning MONTH DAY YEAR 1997, and ending MONTH DAY YEAR

**Affix Preaddressed Label**

California corporation number [redacted]

Corporation name: Health Care Data, Inc.

Address: 1060 Solano Ave, Suite 1002

City: Albany State: CA ZIP code: 94706

A Final return? ● ☐ Dissolved ☐ Surrendered (withdrawn) ☐ Merged/Reorganized ☐ IRC Section 338 sale If a box is checked, enter date ●

B Did this S corporation have a change in control or ownership, or acquire ownership or control of any other legal entity this year? (Do not leave blank) ● ☐ Yes ☒ No

C Principal business activity code. (Do not leave blank) ● 8099

D Is this corporation claiming enterprise zone, program area, LARZ or LAMBRA tax benefits? ● ☐ Yes ☒ No

E Check here if claiming technological property contribution tax benefits: ● ☐

Questions continue on Side 2

**State Adjustments**

| | | | |
|---|---|---|---|
| 1 | Ordinary income (loss) from trade or business activities from federal Form 1120S, line 21. If Schedule F (Form 100S, Side 2) was not completed, attach federal Form 1120S, page 1, and supporting schedules | ● 1 | (52321) |
| 2 | Foreign or domestic tax based on income or profits and California franchise or income tax deducted | ● 2 | |
| 3 | Interest on government obligations | ● 3 | |
| 4 | Net capital gain from Schedule D (100S), Section B. Attach Schedule D (100S) | ● 4 | |
| 5 | Depreciation and amortization adjustments. Attach Schedule B (100S) | ● 5 | |
| 6 | Portfolio income | ● 6 | |
| 7 | Other additions. Attach schedule(s) | ● 7 | |
| 8 | Total. Add line 1 through line 7 | ● 8 | (52321) |
| 9 | Deductible dividends. Attach Schedule H (100S) | ● 9 | |
| 10 | Water's-edge dividend deduction. Attach form FTB 2411 | ● 10 | |
| 11 | Contributions. See instructions | ● 11 | |
| 12 | Net interest deduction. See instructions | ● 12 | |
| 13 | Other deductions. Attach schedule(s) | ● 13 | |
| 14 | Total. Add line 9 through line 13 | ● 14 | -0- |
| 15 | Net income (loss) after state adjustments. Subtract line 14 from line 8 | ● 15 | (52321) |

If all income is derived from California sources, transfer the amount from line 15 to line 16. If income is derived from sources both within and outside of California, complete Schedule R and transfer the amount from Schedule R, line 24, to line 16 below.

**Calif. Net Income**

| | | | |
|---|---|---|---|
| 16 | Net income (loss) for state purposes. If net loss, see instructions | ● 16 | (52321) |
| 17 | R&TC Section 23802(e) deduction. See instructions | ● 17 | |
| 18 | Net operating loss carryover deduction. See instructions | ● 18 | 0 |
| 19 | Disaster loss carryover deduction. See instructions | ● 19 | |
| 20 | Net income for tax purposes. Combine line 17 through line 19 and subtract from line 16 | ● 20 | (52321) |

**Taxes**

| | | | |
|---|---|---|---|
| 21 | Tax. 1.5 % x line 20 (not less than minimum franchise tax, if applicable) | ■ 21 | 800 |
| 22 | Enter credit name _____ code no. ____ and amount | ▶ 22 | |
| 23 | Enter credit name _____ code no. ____ and amount | ▶ 23 | |
| 24 | Enter credit name _____ code no. ____ and amount | ▶ 24 | |
| 25 | To claim more than three credits, see instructions | ● 25 | |
| 26 | Add line 22 through line 25 | ■ 26 | |
| 27 | Balance. Subtract line 25 from line 21 (not less than minimum franchise tax, if applicable) | ■ 27 | 800 |
| 28 | Tax from Schedule D (100S). Attach Schedule D (100S). See instructions | ■ 28 | |
| 29 | Excess net passive income tax. See instructions | ■ 29 | |
| 30 | Total tax. Add line 27 through line 29 | ■ 30 | 800 |

**Payments**

| | | | |
|---|---|---|---|
| 31 | Overpayment from prior year allowed as a credit | ■ 31 | |
| 32 | 1995 estimated tax payments | ■ 32 | |
| 33 | Amount paid with extension of time to file return | ■ 33 | |
| 34 | Total payments. Add line 31 through line 33 | ■ 34 | |

**Amount Due or Refund**

| | | | |
|---|---|---|---|
| 35 | Tax due. If line 30 is more than line 34, subtract line 34 from line 30. Go to line 39 | ■ 35 | 800 |
| 36 | Overpayment. If line 34 is more than line 30, subtract line 30 from line 34 | ■ 36 | |
| 37 | Amount of line 36 to be credited to 1996 estimated tax | ■ 37 | |
| 38 | Amount of line 36 to be refunded | ■ 38 | |
| 39 | Penalties and interest. See General Information M and N | 39 | |
| | ● ☐ Check box if estimate penalty was computed using Exception B or Exception C and attach form FTB 5806. | | |
| 40 | Total amount due. Add line 35 and line 39. Pay this amount with this return | 40 | 800 |

Health Care Data, Inc.

[redacted]

**Schedule F** Computation of Trade or Business Income See General Information H.

| | | | |
|---|---|---|---|
| Income | 1 a) Gross receipts or sales _____ b) Less returns and allowances _____ Balance | 1c | |
| | 2 Cost of goods sold | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c | 3 | |
| | 4 Net gain (loss) | 4 | |
| | 5 Other income (loss). Attach schedule ● | 5 | |
| | 6 Total income (loss). Combine line 3 through line 5 | 6 | |
| Deductions | 7 Compensation of officers. Attach schedule. See instructions | 7 | |
| | 8 Salaries and wages | 8 | |
| | 9 Repairs | 9 | |
| | 10 Bad debts ● | 10 | |
| | 11 Rents | 11 | |
| | 12 Taxes | 12 | |
| | 13 Interest | 13 | |
| | 14 a) Depreciation _____ b) Less depreciation reported elsewhere on return _____ Balance | 14 | |
| | 15 Depletion | 15 | |
| | 16 Advertising | 16 | |
| | 17 Pension, profit-sharing, etc. plans | 17 | |
| | 18 Employee benefit programs | 18 | |
| | 19 a) Total travel and entertainment _____ b) Deductible amount | 19b | |
| | 20 Other deductions. Attach schedule ● | 20 | |
| | 21 Total deductions. Add line 7 through line 20 ● | 21 | |
| | 22 Ordinary income (loss) from trade or business. Subtract line 21 from line 6. Enter here and on Side 1, line 1 ● | 22 | |

**Schedule V** Cost of Goods Sold — Method of inventory valuation

| | | | |
|---|---|---|---|
| 1 Inventory at beginning of year | | 5 Other costs. Attach schedule | |
| 2 Purchases ● | | 6 Total. Add line 1 through line 5 | |
| 3 Cost of labor ● | | 7 Inventory at end of year | |
| 4 Other IRC Sec. 263A costs. Attach schedule ● | | 8 Cost of goods sold. Line 7 minus line 6 ● | |

Was there any substantial change in the manner of determining quantities, costs or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach an explanation. Enter California seller's permit number, if any _____

Check ☐ if the LIFO inventory method was adopted this income year for any goods. If checked, attach federal Form 970 ☐

If the LIFO inventory method was used for this income year, enter the percentage (or amounts) of closing inventory computed under LIFO _____

Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

**Schedule J** Add-On Taxes or Recapture of Tax Credits. See instructions.

| | | |
|---|---|---|
| 1 LIFO recapture due to S corporation election (IRC Sec. 1363(d) deferral — $_____) | 1 | |
| 2 Interest computed under the look-back method for completed long-term contracts (Attach FTB 3834) | 2 | |
| 3 Interest on tax attributable to installment: a) Sales of certain timeshares and residential lots | 3a | |
| b) Method for nondealer installment obligations | 3b | |
| 4 IRC Section 197(f)(9)(B)(ii) election | 4 | |
| 5 Credit recapture name: _____ | 5 | |
| 6 Combine line 1 through line 5. Revise the amount on Side 1, line 35 or line 36, whichever applies, by this amount. Write "Schedule J" to the left of line 35 or line 36 | 6 | |

**Questions** *(continued from Side 1)*

F Date incorporated: _____ ● Where? _____

G Maximum number of shareholders in the corporation at any time during the year ● _____

H Date business began in California or date income was first derived from California sources: ● _____

I Is the corporation under audit by the IRS or has it been audited in a prior year? ● ☐ Yes ☐ No

J Effective date of federal S election: ● _____

K Effective date of California S election: ● _____

L Accounting method used: _____

M Location of principal accounting records: _____

N "Doing business as" name: ● _____

O Have all required information returns (e.g. federal Form 1099 series) been filed with the Franchise Tax Board? ☐ N/A ☐ Yes ☐ No

P S corporation is: ● ☐ Apportioning income to California ☐ Not apportioning income

**Please 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 the taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer ▶ _____ Title _____ Date _____

[redacted]

**Paid Preparer's Use Only** Preparer's signature ▶ _____ Date _____

Firm's name (or yours, if self-employed) and address ▶ LARRY E. RABOLD, C.P.A.
PO BOX 289, MYERSTOWN, PA. 17067

Health Care Data, Inc. [redacted]

AMENDED NOL Schedule

| | | |
|---|---|---|
| 1995 | NOL Carryforward | (753) |
| 1996 | NOL Carryforward | (9,423) |
| 1997 | NOL Carryforward | (52,321) |
| Total NOL carryforward to 1998 | | (62,497) |

S/H # 4

**SCHEDULE K-1 (Form 1120S)**

Department of the Treasury Internal Revenue Service

# Shareholder's Share of Income, Credits, Deductions, etc.

▶ See separate instructions.

For calendar year 1997 or tax year beginning , 1997, and ending , 19

OMB No. 1545-0130

**1997**

Shareholder's identifying number ▶ [redacted]

Shareholder's name, address, and ZIP code

LEONARD C. ROGERS

[redacted]

Corporation's identifying number ▶ [redacted]

Corporation's name, address, and ZIP code

HEALTH CARE DATA, INC.
P. O. BOX 234010
ENCINITAS, CA 92023

A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 33.058%

B Internal Revenue Service Center where corporation filed its return ▶ PHILADELPHIA

C Tax shelter registration number (see instructions for Schedule K-1) ▶ N/A

D Check applicable boxes: (1) ☐ Final K-1 (2) ☒ Amended K-1

| | (a) Pro rata share items | | (b) Amount | (c) Form 1040 filers enter the amount in col. (b) on: |
|---|---|---|---|---|
| Income (Loss) | 1 Ordinary income (loss) from trade or business activities | 1 | (17,296) | See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 2 Net income (loss) from rental real estate activities | 2 | | |
| | 3 Net income (loss) from other rental activities | 3 | | |
| | 4 Portfolio income (loss): | | | |
| | a Interest | 4a | | Sch. B, Part I, line 1 |
| | b Dividends | 4b | | Sch. B, Part II, line 5 |
| | c Royalties | 4c | | Sch. E, Part I, line 4 |
| | d Net short-term capital gain (loss) | 4d | | Sch. D, line 5, col. (f) |
| | e Net long-term capital gain (loss): | | | |
| | (1) 28% rate gain (loss) | e(1) | | Sch. D, line 12, col. (g) |
| | (2) Total for year | e(2) | | Sch. D, line 12, col. (f) (Enter on applicable line of your return.) |
| | f Other portfolio income (loss) (attach schedule) | 4f | | |
| | 5 Net section 1231 gain (loss) (other than due to casualty or theft): | | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | a 28% rate gain (loss) | 5a | | |
| | b Total for year | 5b | | |
| | 6 Other income (loss) (attach schedule) | 6 | | (Enter on applicable line of your return.) |
| Deductions | 7 Charitable contributions (attach schedule) | 7 | | Sch. A, line 15 or 16 |
| | 8 Section 179 expense deduction | 8 | | See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 9 Deductions related to portfolio income (loss) (attach schedule) | 9 | | |
| | 10 Other deductions (attach schedule) | 10 | | |
| Investment Interest | 11a Interest expense on investment debts | 11a | | Form 4952, line 1 |
| | b (1) Investment income included on lines 4a, 4b, 4c, and 4f above | b(1) | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | (2) Investment expenses included on line 9 above | b(2) | | |
| Credits | 12a Credit for alcohol used as fuel | 12a | | Form 8478, line 10 |
| | b Low-income housing credit: | | | |
| | (1) From section 42(j)(5) partnerships for property placed in service before 1990 | b(1) | | Form 8586, line 5 |
| | (2) Other than on line 12b(1) for property placed in service before 1990 | b(2) | | |
| | (3) From section 42(j)(5) partnerships for property placed in service after 1989 | b(3) | | |
| | (4) Other than on line 12b(3) for property placed in service after 1989 | b(4) | | |
| | c Qualified rehabilitation expenditures related to rental real estate activities | 12c | | See pages 6 and 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | | |
| | e Credits related to other rental activities | 12e | | |
| | 13 Other credits | 13 | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 1997

CAA 7 1285K112 NTF 12234 GLD 2876

Copyright Forms Software Only, 1997 Nelco

| | (a) Pro rata share items | | (b) Amount | (c) Form 1040 filers enter the amount in column (b) on: |
|---|---|---|---|---|
| Adjustments and Tax Preference Items | 14a Depreciation adjustment on property placed in service after 1986 | 14a | 77 | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251 |
| | b Adjusted gain or loss | 14b | | |
| | c Depletion (other than oil and gas) | 14c | | |
| | d (1) Gross income from oil, gas, or geothermal properties | d(1) | | |
| | (2) Deductions allocable to oil, gas, or geothermal properties | d(2) | | |
| | e Other adjustments and tax preference items (attach schedule) | 14e | | |
| Foreign Taxes | 15a Type of income ▶ | | | Form 1116, Check boxes |
| | b Name of foreign country or U.S. possession ▶ | | | |
| | c Total gross income from sources outside the United States (attach schedule) | 15c | | Form 1116, Part I |
| | d Total applicable deductions and losses (attach schedule) | 15d | | |
| | e Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | | Form 1116, Part II |
| | f Reduction in taxes available for credit (attach schedule) | 15f | | Form 1116, Part III |
| | g Other foreign tax information (attach schedule) | 15g | | See Inst. for Form 1116 |
| Other | 16 Section 59(e)(2) expenditures: a Type ▶ | | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | b Amount | 16b | | |
| | 17 Tax-exempt interest income | 17 | | Form 1040, line 8b |
| | 18 Other tax-exempt income | 18 | | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 19 Nondeductible expenses | 19 | 18 | |
| | 20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV | 20 | | |
| | 21 Amount of loan repayments for "Loans From Shareholders" | 21 | | |
| | 22 Recapture of low-income housing credit: | | | |
| | a From section 42(j)(5) partnerships | 22a | | Form 8611, line 8 |
| | b Other than on line 22a | 22b | | |

Supplemental Information

23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):


Copyright Forms Software Only, 1997 Nelco

LEONARD C. ROGERS
ID # [redacted]

HEALTH CARE DATA, INC.
[redacted]

TAX PREFERENCE ITEMS
Schedule K-1, Line 14a
Supplemental Schedule

Section A - Depreciation Adjustment - Post 86 Property

| Activity Description | | Amount |
|---|---|---|
| HEALTH CARE INFORMATION | | 77 |
| | Total | 77 |

NONDEDUCTIBLE EXPENSES
Schedule K-1, Line 19
Supplemental Schedule

| Activity Description | Nondeductible Expense | Amount |
|---|---|---|
| HEALTH CARE INFORMATION | Nondeductible Losses & Expense | 18 |
| | Total | 18 |

3164

Form **1120S**

Department of the Treasury
Internal Revenue Service

# U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

▶ See separate instructions.

OMB No. 1545-0130

**1998**

For calendar year 1998, or tax year beginning , 1998, & ending , 19

| | | | |
|---|---|---|---|
| A Effective date of election as S corp. 06/15/95 | Use IRS label. Otherwise, please print or type. | Name Number, street, & room/suite no. City/town, state, & ZIP code<br>HEALTH CARE DATA, INC.<br>P. O. BOX 234010<br>ENCINITAS, CA 92023 | C Employer identification no. [redacted] |
| B NEW bus. code no. (see pages 26-28) 541519 | | | D Date incorporated 06/15/95 |
| | | | E Total assets (see page 10) $ 145,201 |

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶ 4

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

| | | | | | |
|---|---|---|---|---|---|
| Income | 1a Gross receipts or sales 404,150 | b Less returns and allowances 86 | c Bal ▶ | 1c | 404,064 |
| | 2 Cost of goods sold (Schedule A, line 8) | | | 2 | 119,242 |
| | 3 Gross profit. Subtract line 2 from line 1c | | | 3 | 284,822 |
| | 4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | | 4 | |
| | 5 Other income (loss) (attach schedule) | | | 5 | 240 |
| | 6 Total income (loss). Combine lines 3 through 5 ▶ | | | 6 | 285,062 |
| Deductions (See page 11 of the instructions for limitations) | 7 Compensation of officers | | | 7 | |
| | 8 Salaries and wages (less employment credits) | | | 8 | |
| | 9 Repairs and maintenance | | | 9 | 615 |
| | 10 Bad debts | | | 10 | |
| | 11 Rents | | | 11 | |
| | 12 Taxes and licenses | | | 12 | 1,649 |
| | 13 Interest | | | 13 | 5,458 |
| | 14a Depreciation (if required, attach Form 4562) | 14a 11,677 | | | |
| | b Depreciation claimed on Schedule A and elsewhere on return | 14b | | | |
| | c Subtract line 14b from line 14a | | | 14c | 11,677 |
| | 15 Depletion (Do not deduct oil and gas depletion.) | | | 15 | |
| | 16 Advertising | | | 16 | |
| | 17 Pension, profit-sharing, etc., plans | | | 17 | |
| | 18 Employee benefit programs | | | 18 | |
| | 19 Other deductions (attach schedule) | | | 19 | 248,792 |
| | 20 Total deductions. Add the amounts shown in the far right column for lines 7 through 19 ▶ | | | 20 | 268,191 |
| | 21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6 | | | 21 | 16,871 |
| Tax and Payments | 22 Tax: a Excess net passive income tax (attach schedule) | 22a | | | |
| | b Tax from Schedule D (Form 1120S) | 22b | | | |
| | c Add lines 22a and 22b (see page 14 of the instructions for additional taxes) | | | 22c | |
| | 23 Payments: a 1998 estimated tax payments and amount applied from 1997 return | 23a | | | |
| | b Tax deposited with Form 7004 | 23b | | | |
| | c Credit for Federal tax paid on fuels (attach Form 4136) | 23c | | | |
| | d Add lines 23a through 23c | | | 23d | |
| | 24 Estimated tax penalty. Check if Form 2220 is attached ▶ ☐ | | | 24 | |
| | 25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 4 of the instructions for depository method of payment ▶ | | | 25 | 0 |
| | 26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶ | | | 26 | |
| | 27 Enter amount of line 26 you want: Credited to 1999 est. tax ▶ | Refunded ▶ | | 27 | |

**Please 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

Preparer's Date Check if self-

## Schedule A Cost of Goods Sold (see page 15 of the instructions)

| | | | |
|---|---|---|---|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | 119,242 |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | 0 |
| 5 | Other costs (attach schedule) | 5 | 0 |
| 6 | Total. Add lines 1 through 5 | 6 | 119,242 |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | 119,242 |

a Check all methods used for valuing closing inventory:
(i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☐ Yes ☒ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
If "Yes," attach explanation.

## Schedule B Other Information

| | | Yes | No |
|---|---|---|---|
| 1 | Check method of accounting: (a) ☐ Cash (b) ☒ Accrual (c) ☐ Other (specify) ▶ | | |
| 2 | Refer to the list on pages 26 through 28 of the instructions and state the corporation's principal: (a) Business activity ▶ SERVICES (b) Product or service ▶ HEALTH CARE DATA | | |
| 3 | Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned | | X |
| 4 | Was the corporation a member of a controlled group subject to the provisions of section 1561? | | X |
| 5 | At any time during calendar year 1998, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶ | | X |
| 6 | During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions | | X |
| 7 | Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ ☐ | | |
| 8 | Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 9 | If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 16 of the instructions) ▶ $ | | |
| 10 | Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 16 of the instructions) ▶ ☐ | | |


Copyright Forms Software Only, 1998 Nelco

HEALTH CARE DATA, INC.

[redacted]



## Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

| | | (a) Pro rata share items | | (b) Total amount |
|---|---|---|---|---|
| Income (Loss) | 1 | Ordinary income (loss) from trade or business activities (page 1, line 21) | 1 | 16,871 |
| | 2 | Net income (loss) from rental real estate activities (attach Form 8825) | 2 | |
| | 3a | Gross income from other rental activities ... 3a | | |
| | b | Expenses from other rental activities (attach schedule) ... 3b | | |
| | c | Net income (loss) from other rental activities. Subtract line 3b from line 3a | 3c | |
| | 4 | Portfolio income (loss): | | |
| | a | Interest income | 4a | |
| | b | Ordinary dividends | 4b | |
| | c | Royalty income | 4c | |
| | d | Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4d | |
| | e | Net long-term capital gain (loss) (attach Schedule D (Form 1120S)): | | |
| | | (1) 28% rate gain (loss) ▶ (2) Total for year ▶ | 4e(2) | |
| | f | Other portfolio income (loss) (attach schedule) | 4f | |
| | 5 | Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797) | 5 | |
| | 6 | Other income (loss) (attach schedule) | 6 | |
| Deductions | 7 | Charitable contributions (attach schedule) | 7 | |
| | 8 | Section 179 expense deduction (attach Form 4562) | 8 | 15,350 |
| | 9 | Deductions related to portfolio income (loss) (itemize) | 9 | |
| | 10 | Other deductions (attach schedule) | 10 | |
| Investment Interest | 11a | Interest expense on investment debts | 11a | |
| | b | (1) Investment income included on lines 4a, 4b, 4c, and 4f above | 11b(1) | |
| | | (2) Investment expenses included on line 9 above | 11b(2) | |
| Credits | 12a | Credit for alcohol used as a fuel (attach Form 6478) | 12a | |
| | b | Low-income housing credit: | | |
| | | (1) From partnerships to which sec. 42(j)(5) applies for property placed in service before 1990 | 12b(1) | |
| | | (2) Other than on line 12b(1) for property placed in service before 1990 | 12b(2) | |
| | | (3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989 | 12b(3) | |
| | | (4) Other than on line 12b(3) for property placed in service after 1989 | 12b(4) | |
| | c | Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) | 12c | |
| | d | Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | |
| | e | Credits related to other rental activities | 12e | |
| | 13 | Other credits | 13 | |
| Adjustments and Tax Preference Items | 14a | Depreciation adjustment on property placed in service after 1986 | 14a | (275) |
| | b | Adjusted gain or loss | 14b | |
| | c | Depletion (other than oil and gas) | 14c | |
| | d | (1) Gross income from oil, gas, or geothermal properties | 14d(1) | |
| | | (2) Deductions allocable to oil, gas, or geothermal properties | 14d(2) | |
| | e | Other adjustments and tax preference items (attach schedule) | 14e | |
| Foreign Taxes | 15a | Type of income ▶ | | |
| | b | Name of foreign country or U.S. possession | | |
| | c | Total gross income from sources outside the United States (attach schedule) | 15c | |
| | d | Total applicable deductions and losses (attach schedule) | 15d | |
| | e | Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | |
| | f | Reduction in taxes available for credit (attach schedule) | 15f | |
| | g | Other foreign tax information (attach schedule) | 15g | |
| Other | 16 | Section 59(e)(2) expenditures: a Type ▶ b Amount ▶ | 16b | |
| | 17 | Tax-exempt interest income | 17 | |
| | 18 | Other tax-exempt income | 18 | |
| | 19 | Nondeductible expenses | 19 | |
| | 20 | Total property distributions (including cash) other than dividends reported on line 22 below | 20 | (1,250) |
| | 21 | Other items and amounts required to be reported separately to shareholders (attach schedule) | | |
| | 22 | Total dividend distributions paid from accumulated earnings and profits | 22 | |

| Schedule L Balance Sheets per Books | Beginning of tax year | | End of tax year | |
|---|---|---|---|---|
| Assets | (a) | (b) | (c) | (d) |
| 1 Cash | | 59183 | | 119354 |
| 2a Trade notes and accounts receivable | | | | |
| b Less allowance for bad debts | | | | |
| 3 Inventories | | | | |
| 4 U.S. Government obligations | | | | |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets (attach schedule) | | | | |
| 7 Loans to shareholders | | | | |
| 8 Mortgage and real estate loans | | | | |
| 9 Other investments (attach schedule) | | | | |
| 10a Buildings and other depreciable assets | 20139 | | 62634 | |
| b Less accumulated depreciation | 9760 | 10379 | 36787 | 25847 |
| 11a Depletable assets | | | | |
| b Less accumulated depletion | | | | |
| 12 Land (net of any amortization) | | | | |
| 13a Intangible assets (amortizable only) | | | | |
| b Less accumulated amortization | | | | |
| 14 Other assets (attach schedule) | | | | |
| 15 Total assets | | 69562 | | 145201 |
| Liabilities and Shareholders' Equity | | | | |
| 16 Accounts payable | | 69851 | | 8894 |
| 17 Mortgages, notes, bonds payable in less than 1 yr | | 50135 | | 183960 |
| 18 Other current liabilities (attach schedule) | | | | |
| 19 Loans from shareholders | | | | |
| 20 Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 Other liabilities (attach schedule) | | | | |
| 22 Capital stock | | 8150 | | 8150 |
| 23 Additional paid-in capital | | 4000 | | 4000 |
| 24 Retained earnings | | (62574) | | (59803) |
| 25 Adjustments to shareholders' equity (attach sch.) | | | | |
| 26 Less cost of treasury stock | | ( ) | | ( ) |
| 27 Total liabilities and shareholders' equity | | 69562 | | 145201 |

**Schedule M-1** **Reconciliation of Income (Loss) per Books With Income (Loss) per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

| | | | |
|---|---|---|---|
| 1 Net income (loss) per books | 1520 | 5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize): a Tax-exempt int. $ | |
| 2 Income included on Schedule K, lines 1 through 6, not recorded on books this year | | 6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize): a Depreciation $ | |
| 3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize): a Depreciation $ b Travel and entertainment $ | | 7 Add lines 5 and 6 | 0 |
| Rounding | 1 | 8 Income (loss) (Schedule K, line 23). Line 4 less line 7 | 1521 |
| 4 Add lines 1 through 3 | 1521 | | |

**Schedule M-2** **Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (see page 24 of the instructions)

| | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|---|---|---|---|
| 1 Balance at beginning of tax year | (62,574) | | |
| 2 Ordinary income from page 1, line 21 | 16,871 | | |
| 3 Other additions | | | |
| 4 Loss from page 1, line 21 | ( ) | | |

Form 4562

Department of the Treasury
Internal Revenue Service (99)

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

▶ See separate instructions. ▶ Attach this form to your return.

OMB No. 1545-0172

1998

Attachment Sequence No. 67

Name(s) shown on return: HEALTH CARE DATA, INC.

Business or activity to which this form relates: HEALTH CARE INFORMATION - Act

Identifying number: [redacted]

**Part I** Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

| | | |
|---|---|---|
| 1 Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions | 1 | $18,500 |
| 2 Total cost of section 179 property placed in service. See page 2 of the instructions | 2 | 42,495 |
| 3 Threshold cost of section 179 property before reduction in limitation | 3 | $200,000 |
| 4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions | 5 | 18,500 |

| 6 (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
|---|---|---|
| COMPUTER EQUIPMENT | 21,529 | 10,000 |
| TRADE SHOW EQUIPMENT | 5,350 | 5,350 |

| | | |
|---|---|---|
| 7 Listed property. Enter amount from line 27 | 7 | |
| 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | 15,350 |
| 9 Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | 15,350 |
| 10 Carryover of disallowed deduction from 1997. See page 3 of the instructions | 10 | |
| 11 Business income limitation. Enter smaller of business income (not less than zero) or line 5 (see instructions) | 11 | 16,106 |
| 12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | 15,350 |
| 13 Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12 ▶ | 13 | 0 |

**Note:** Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II** MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)

Section A — General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions ▶ ☐

Section B — General Depreciation System (GDS) (See page 3 of the instructions.)

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depr. (business/investment use only — see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---|---|---|---|---|---|---|
| 15a 3-year property | | | | | | |
| b 5-year property | | 27145 | VAR | HY | VAR | 7,949 |
| 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 | |
| | | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | | | 39 yrs. | MM | S/L | |
| | | | | MM | S/L | |

Section C — Alternative Depreciation System (ADS) (See page 5 of the instructions.)

| | | | | | | |
|---|---|---|---|---|---|---|
| 16a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | | | 40 yrs. | MM | S/L | |

**Part III** Other Depreciation (Do Not Include Listed Property.) (See page 6 of the instructions.)

| | | |
|---|---|---|
| 17 GDS and ADS deductions for assets placed in service in tax years beginning before 1998 | 17 | 3,728 |
| 18 Property subject to section 168(f)(1) election | 18 | |
| 19 ACRS and other depreciation | 19 | |

**Part IV** Summary (See page 6 of the instructions.)

| | | |
|---|---|---|
| 20 Listed property. Enter amount from line 26 | 20 | |
| 21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on ... and S corporations — see instructions | 21 | 11,677 |

HEALTH CARE DATA, INC.

[redacted]

OTHER INCOME
Page 1 - Line 5
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| Miscellaneous income | 240 |
| Total Other Income | 240 |

OTHER TAXES AND LICENSES
Page 1 - Line 12
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| Capital stock tax | 1,600 |
| Miscellaneous taxes | 24 |
| Licenses | 25 |
| Total Other Taxes | 1,649 |

OTHER DEDUCTIONS
Page 1 - Line 19
Supplemental Schedule
Activity # 1

| Description | Amount |
|---|---|
| Postage | 8,995 |
| Telephone | 19,554 |
| Seminars, meetings, education | 870 |
| Subscriptions, dues & books | 2,260 |
| Insurance - general | 550 |
| Miscellaneous | 615 |
| Professional fees | 192,464 |
| Office supplies | 23,484 |
| Total Other Deductions | 248,792 |

HEALTH CARE DATA, INC.

[redacted]

SECTION 179 EXPENSE DEDUCTION
Schedule K - Line 8
Supplemental Schedule

| Act. No. | Description | Amount |
|---|---|---|
| 1 | HEALTH CARE INFORMATION | 15,350 |
| | Total Sec 179 Expense | 15,350 |

TAX PREFERENCE ITEMS
Schedule K - Line 14a
Supplemental Schedule

Section A - Depreciation Adjustment - Post 86 Property

| Activity Description | | Amount |
|---|---|---|
| HEALTH CARE INFORMATION | | (275) |
| | Total | (275) |

HEALTH CARE DATA, INC. E[redacted]

ACCUMULATED ADJUSTMENT ACCOUNT
OTHER REDUCTIONS
Schedule M2 - Line 5
Supplemental Schedule

| Items Carried from Schedule K | Amount |
|---|---|
| [redacted] | 15,350 |

S/H # 4

SCHEDULE K-1 (Form 1120S)

Department of the Treasury Internal Revenue Service

# Shareholder's Share of Income, Credits, Deductions, etc.

► See separate instructions.

For calendar year 1998 or tax year beginning , 1998, and ending , 19

OMB No. 1545-0130

1998

Shareholder's identifying number ► [redacted]

Corporation's identifying number ► [redacted]

Shareholder's name, address, and ZIP code

LEONARD C. ROGERS

[redacted]

Corporation's name, address, and ZIP code

HEALTH CARE DATA, INC.
P. O. BOX 234010
ENCINITAS, CA 92023

A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ► 33.058%

B Internal Revenue Service Center where corporation filed its return ► CALIFORNIA

C Tax shelter registration number (see instructions for Schedule K-1) ► N/A

D Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

| | (a) Pro rata share items | | (b) Amount | (c) Form 1040 filers enter the amount in col. (b) on: |
|---|---|---|---|---|
| Income (Loss) | 1 Ordinary income (loss) from trade or business activities | 1 | 5,577 | See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 2 Net income (loss) from rental real estate activities | 2 | | |
| | 3 Net income (loss) from other rental activities | 3 | | |
| | 4 Portfolio income (loss): | | | |
| | a Interest | 4a | | Sch. B, Part I, line 1 |
| | b Ordinary dividends | 4b | | Sch. B, Part II, line 5 |
| | c Royalties | 4c | | Sch. E, Part I, line 4 |
| | d Net short-term capital gain (loss) | 4d | | Sch. D, line 5, col. (f) |
| | e Net long-term capital gain (loss): | | | |
| | (1) 28% rate gain (loss) | e(1) | | Sch. D, line 12, col. (g) |
| | (2) Total for year | e(2) | | Sch. D, line 12, col. (f) |
| | f Other portfolio income (loss) (attach schedule) | 4f | | (Enter on applicable line of your return.) See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 5 Net section 1231 gain (loss) (other than due to casualty or theft) | 5 | | |
| | 6 Other income (loss) (attach schedule) | 6 | | (Enter on applicable line of your return.) |
| Deductions | 7 Charitable contributions (attach schedule) | 7 | | Sch. A, line 15 or 16 |
| | 8 Section 179 expense deduction | 8 | 5,074 | See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | 9 Deductions related to portfolio income (loss) (attach schedule) | 9 | | |
| | 10 Other deductions (attach schedule) | 10 | | |
| Investment Interest | 11a Interest expense on investment debts | 11a | | Form 4952, line 1 |
| | b (1) Investment income included on lines 4a, 4b, 4c, and 4f above | b(1) | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | (2) Investment expenses included on line 9 above | b(2) | | |
| Credits | 12a Credit for alcohol used as fuel | 12a | | Form 6478, line 10 |
| | b Low-income housing credit: | | | |
| | (1) From section 42(j)(5) partnerships for property placed in service before 1990 | b(1) | | Form 8586, line 5 |
| | (2) Other than on line 12b(1) for property placed in service before 1990 | b(2) | | |
| | (3) From section 42(j)(5) partnerships for property placed in service after 1989 | b(3) | | |
| | (4) Other than on line 12b(3) for property placed in service after 1989 | b(4) | | |
| | c Qualified rehabilitation expenditures related to rental real estate activities | 12c | | |
| | d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| | e Credits related to other rental activities | 12e | | |
| | 13 | 13 | | |

S/H # 4 LEONARD C. ROGERS [redacted]



| (a) Pro rata share items | | (b) Amount | (c) Form 1040 filers enter the amount in column (b) on: |
|---|---|---|---|
| 14a Depreciation adjustment on property placed in service after 1986 | 14a | (91) | See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251 |
| b Adjusted gain or loss | 14b | | |
| c Depletion (other than oil and gas) | 14c | | |
| d (1) Gross income from oil, gas, or geothermal properties | d(1) | | |
| (2) Deductions allocable to oil, gas, or geothermal properties | d(2) | | |
| e Other adjustments and tax preference items (attach schedule) | 14e | | |
| 15a Type of income ▶ | | | Form 1116, Check boxes |
| b Name of foreign country or U.S. possession ▶ | | | |
| c Total gross income from sources outside the United States (attach schedule) | 15c | | Form 1116, Part I |
| d Total applicable deductions and losses (attach schedule) | 15d | | |
| e Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | | Form 1116, Part II |
| f Reduction in taxes available for credit (attach schedule) | 15f | | Form 1116, Part III |
| g Other foreign tax information (attach schedule) | 15g | | See Inst. for Form 1116 |
| 16 Section 59(e)(2) expenditures: a Type ▶ | | | See Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| b Amount | 16b | | |
| 17 Tax-exempt interest income | 17 | | Form 1040, line 8b |
| 18 Other tax-exempt income | 18 | | See pages 7 and 8 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). |
| 19 Nondeductible expenses | 19 | | |
| 20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV | 20 | (413) | |
| 21 Amount of loan repayments for "Loans From Shareholders" | 21 | | |
| 22 Recapture of low-income housing credit | | | |
| a From section 42(j)(5) partnerships | 22a | | Form 8611, line 8 |
| b Other than on line 22a | 22b | | |

23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):

Supplemental information

Form 7004
(Rev. July 1996)
Department of the Treasury
Internal Revenue Service

# Application for Automatic Extension of Time To File Corporation Income Tax Return

OMB No. 1545-0233

Name of corporation
HEALTH CARE DATA, INC.

[redacted]

Number, street, and room or suite no. (If a P.O. box or outside the United States, see instructions.)
P. O. BOX 234010

City or town, state, and ZIP code
ENCINITAS, CA 92023

Check type of return to be filed:

- [ ] Form 1120
- [ ] Form 1120-A
- [ ] Form 1120-F
- [ ] Form 1120-FSC
- [ ] Form 1120-H
- [ ] Form 1120-L
- [ ] Form 1120-ND
- [ ] Form 1120-PC
- [ ] Form 1120-POL
- [ ] Form 1120-REIT
- [ ] Form 1120-RIC
- [X] Form 1120S
- [ ] Form 1120-SF
- [ ] Form 990-C
- [ ] Form 990-T

**Note:** Other 990 filers (i.e., Form 990, 990-EZ, 990-BL, 990-PF, and certain filers of Form 990-T (see instructions)) must use Form 2758 to request an extension of time to file.

Form 1120-F filers: Check here if you do not have an office or place of business in the United States ▶ [ ]

1a I request an automatic 6-month (or, for certain corporations, 3-month) extension of time until September 15, 1999, to file the income tax return of the corporation named above for ▶ [X] calendar year 1998 or ▶ [ ] tax year beginning _____, _____, and ending _____, _____

b If this tax year is for less than 12 months, check reason:
[ ] Initial return [ ] Final return [ ] Change in accounting period [ ] Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

| Name and address of each member of the affiliated group | Employer identification no. | Tax period |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| | | | | |
|---|---|---|---|---|
| 3 Tentative tax (see instructions) | | | 3 | |
| 4 Credits: | | | | |
| a Overpayment credited from prior year | 4a | | | |
| b Estimated tax payments for the tax year | 4b | | | |
| c Less refund for the tax year applied for on Form 4466 | 4c | ( ) Bal ▶ | 4d | |
| e Credit for tax paid on undistributed capital gains (Form 2439) | | | 4e | |
| f Credit for Federal tax on fuels (Form 4136) | | | 4f | |
| 5 Total. Add lines 4d through 4f | | | 5 | |
| 6 Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (FTD) Coupon (see instructions) | | | 6 | |

[redacted]

INCOME YEAR

# 1998 California S Corporation Franchise or Income Tax Return

FORM **100S**

For calendar year 1998 or fiscal year beginning month ____ day ____ year 1998, and ending month ____ day ____ year ____

[redacted]

Corporation name: HEALTH CARE DATA INC.

Address: P.O. BOX 234010

City: ENCINITAS State: CA ZIP Code: 92023

A Final return? ● ☐ Dissolved ☐ Surrendered (withdrawn) ☐ Merged/Reorganized
☐ IRC Section 338 sale If a box is checked, enter date ● ____

B Did this S corporation have a change in control or ownership, or acquire ownership or control of any other legal entity this year? ● ☐ Yes ☒ No

C Principal business activity code. (Do n[redacted]
Business activity: SERVICE
Product or service: HEALTH CARE DATA

D Does return include Qualified Subchapter S Subsidiaries . . . ● ☐ Yes ☒ No

| | | | | | |
|---|---|---|---|---|---|
| State adjustments | 1 | Ordinary income (loss) from trade or business activities from Schedule F (Form 100S, Side 2) or federal Form 1120S, line 21. If Schedule F (Form 100S, Side 2) was not completed, attach federal Form 1120S, page 1, and supporting schedules | | ● 1 | 16871 |
| | 2 | Foreign or domestic tax based on income or profits and California franchise or income tax deducted | | ● 2 | |
| | 3 | Interest on government obligations | | ● 3 | |
| | 4 | Net capital gain from Schedule D (100S), Section A & Section B. Attach Schedule D (100S). See instructions | | ● 4 | |
| | 5 | Depreciation and amortization adjustments. Attach Schedule B (100S) | | ● 5 | |
| | 6 | Portfolio income | | ● 6 | |
| | 7 | Other additions. Attach schedule(s) | | ● 7 | |
| | 8 | Total. Add line 1 through line 7 | | ● 8 | 16871 |
| | 9 | Deductible dividends. Attach Schedule H (100S) | ● 9 | | |
| | 10 | Water's-edge dividend deduction. Attach Schedule H (100S) | ● 10 | | |
| | 11 | Contributions. See instructions | ● 11 | | |
| | 12 | EZ, LARZ, LAMBRA or TTA business expense and/or net interest deduction | ● 12 | | |
| | 13 | Other deductions. Attach schedule(s) | ● 13 | | |
| | 14 | Total. Add line 9 through line 13 | | ● 14 | |
| | 15 | Net income (loss) after state adjustments. Subtract line 14 from line 8 | | ● 15 | 16871 |
| Calif. net income | 16 | Net income (loss) for state purposes. Use Schedule R if apportioning income | | ● 16 | 16871 |
| | 17 | R&TC Section 23802(e) deduction. See instructions | ● 17 | | |
| | 18 | Net operating loss carryover deduction. See instructions | ● 18 | 62497 | |
| | 19 | EZ, LARZ or LAMBRA NOL carryover deduction. See instructions | ● 19 | | |
| | 20 | Disaster loss carryover deduction. See instructions | ● 20 | | |
| | 21 | Net income for tax purposes. Combine line 17 through line 20 and subtract from line 16 | | ● 21 | -0- |
| Taxes | 22 | Tax. ____% x line 21 (at least minimum franchise tax and/or QSSS annual tax, if applicable). See instructions | | ■ 22 | 800 |
| | 23 | Enter credit name ____ code no. ___ and amount | ▶ 23 | | |
| | 24 | Enter credit name ____ code no. ___ and amount | ▶ 24 | | |
| | 25 | Enter credit name ____ code no. ___ and amount | ▶ 25 | | |
| | 26 | To claim more than three credits, see instructions | ● 26 | | |
| | 27 | Add line 23 through line 26 | | ■ 27 | |
| | 28 | Balance. Subtract line 27 from line 22 (at least minimum franchise tax and/or QSSS annual tax, if applicable) | | ■ 28 | 800 |
| | 29 | Tax from Schedule D (100S). Attach Schedule D (100S). See instructions | ■ 29 | | |
| | 30 | Excess net passive income tax. See instructions | ■ 30 | | |
| | 31 | Total tax. Add line 28 through line 30 | ■ 31 | | |
| | 32 | Additional SOS prepayment tax. See instructions | ■ 32 | | |
| | 33 | Adjusted total tax. Add line 31 and line 32 | | ■ 33 | 800 |
| Payments | 34 | Overpayment from prior year allowed as a credit | ■ 34 | | |
| | 35 | 1998 estimated tax payments/excess SOS prepayment tax/QSSS payments. See instr | ■ 35 | 800 | |
| | 36 | Amount paid with extension of time to file return | ■ 36 | | |
| | 37 | Total payments. Add line 34 through line 36 | | ■ 37 | 800 |
| Amount Due or Refund | 38 | Tax due. If line 33 is more than line 37, subtract line 37 from line 33. Go to line 42 | | ■ 38 | -0- |
| | 39 | Overpayment. If line 37 is more than line 33, subtract line 33 from line 37 | | ■ 39 | -0- |
| | 40 | Amount of line 39 to be credited to 1999 estimated tax | | ■ 40 | |
| | 41 | Amount of line 39 to be refunded. Line 39 less line 40 | ■ 41 | | 800 |
| | 42 | Penalties and interest. See General Information M and N | | 42 | |

Form **1120S**

Department of the Treasury
Internal Revenue Service

# U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

▶ See separate instructions.

OMB No. 1545-0130

**1999**

For calendar year 1999, or tax year beginning , 1999, and ending

A Effective date of election as an S corporation: 6/15/1995

B Business code no. (see page 28-29): 541519

Use IRS label. Otherwise, please print or type.

HEALTH CARE DATA, INC.
2236 ENCINITAS BLVD, STE F
ENCINITAS, CA 92024

C Employer identification number: [redacted]

6/15/1995

E Total assets (see page 10): $ 112,055

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☒ Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶

Caution: Include only trade or business income and expenses on lines 1a through 21. See page 10 of the instructions for more information.

| | | | | | |
|---|---|---|---|---|---|
| INCOME | 1 a Gross receipts or sales 710,745 b Less returns & allowances c Bal ▶ | | | 1c | 710,745 |
| | 2 Cost of goods sold (Schedule A, line 8) | | | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c | | | 3 | 710,745 |
| | 4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | | 4 | |
| | 5 Other income (loss) (attach schedule) See Statement 1 | | | 5 | -7,051 |
| | 6 Total income (loss). Combine lines 3 through 5 ▶ | | | 6 | 703,694 |
| DEDUCTIONS (SEE PG 11 INSTR FOR LIMITATIONS) | 7 Compensation of officers | | | 7 | |
| | 8 Salaries and wages (less employment credits) | | | 8 | |
| | 9 Repairs and maintenance | | | 9 | 27 |
| | 10 Bad debts | | | 10 | |
| | 11 Rents | | | 11 | 21,005 |
| | 12 Taxes and licenses | | | 12 | 559 |
| | 13 Interest | | | 13 | 24,114 |
| | 14 a Depreciation (if required, attach Form 4562) | 14a | 18,727 | | |
| | b Depreciation claimed on Schedule A and elsewhere on return | 14b | | | |
| | c Subtract line 14b from line 14a | | | 14c | 18,727 |
| | 15 Depletion (Do not deduct oil and gas depletion.) | | | 15 | |
| | 16 Advertising | | | 16 | 23,283 |
| | 17 Pension, profit-sharing, etc., plans | | | 17 | |
| | 18 Employee benefit programs | | | 18 | |
| | 19 Other deductions (attach schedule) See Statement 2 | | | 19 | 676,919 |
| | 20 Total deductions. Add the amounts shown in the far right column for lines 7 through 19 ▶ | | | 20 | 764,634 |
| | 21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6 | | | 21 | -60,940 |
| TAX AND PAYMENTS | 22 Tax: a Excess net passive income tax (att. schedule) | 22a | | | |
| | b Tax from Schedule D (Form 1120S) | 22b | | | |
| | c Add lines 22a & 22b (see page 14 of the inst for addl taxes) | | | 22c | |
| | 23 Payments: a 1999 estimated tax payments & amt applied from 1998 return | 23a | | | |
| | b Tax deposited with Form 7004 | 23b | | | |
| | c Credit for Federal tax paid on fuels (attach Form 4136) | 23c | | | |
| | d Add lines 23a through 23c | | | 23d | |
| | 24 Estimated tax penalty. Check if Form 2220 is attached ▶ ☐ | | | 24 | |
| | 25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 4 of the instructions for depository method of payment ▶ | | | 25 | 0 |
| | 26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶ | | | 26 | |
| | 27 Enter amount of line 26 you want: Credited to 2000 estimated tax ▶ Refunded ▶ | | | 27 | |

**Please 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 3/01/01 — ▶ Title Pres-Sec Cfo

**Paid Preparer's Use Only**

Preparer's signature ▶ Adam R. Rosenberg, CPA — Date 2/18/01 — Check if self-employed ▶ ☐ — Preparer's SSN or PTIN [redacted]

Firm's name (or yours, if self-employed) and address ▶ Adam R. Rosenberg & Co., CPAs
2236 Encinitas Blvd., Ste. C
Encinitas, CA [redacted]

For Paperwork Reduction Act Notice, see page 1 of separate instructions.

## Balance Sheets per Books

| | Assets | Beginning of tax year (a) | Beginning of tax year (b) | End of tax year (c) | End of tax year (d) |
|---|---|---|---|---|---|
| 1 | Cash | | 82,347 | | 37,179 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | | | | |
| 3 | Inventories | | | | |
| 4 | U.S. Government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach schedule) St. 3 | | | | 24,045 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | 62,634 | | 99,598 | |
| b | Less accumulated depreciation | 36,787 | 25,847 | 55,514 | 44,084 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 14 | Other assets (attach schedule) St. 4 | | | | 6,747 |
| 15 | Total assets | | 108,194 | | 112,055 |
| | **Liabilities and Shareholders' Equity** | | | | |
| 16 | Accounts payable | | | | |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | 183,960 | | 229,238 |
| 18 | Other current liabilities (attach schedule) St. 5 | | | | 18,209 |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach schedule) | | | | |
| 22 | Capital stock | | 8,150 | | 8,150 |
| 23 | Additional paid-in capital | | 4,000 | | 4,000 |
| 24 | Retained earnings | | -87,916 | | -147,542 |
| 25 | Adjustment to shareholders' equity | | | | |
| 26 | Less cost of treasury stock | | ( ) | | ( ) |
| 27 | Total liabilities and shareholders' equity | | 108,194 | | 112,055 |

## Reconciliation of Income (Loss) per Books With Income (Loss) per Return

(You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

| | | | | |
|---|---|---|---|---|
| 1 | Net income (loss) per books | -54,376 | 5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize): a Tax-exempt interest $ | |
| 2 | Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize): | | | |
| 3 | Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize): a Depreciation $ b Travel and entertainment $ 487 | 487 | 6 Deductions included on Schedule K, lines 1 through 11a, 15a, and 16b, not charged against book income this year (itemize): a Depreciation $ See St 6 7,051 | 7,051 |
| | | | 7 Add lines 5 and 6 | 7,051 |
| 4 | Add lines 1 through 3 | -53,889 | 8 Income (loss) (Schedule K, line 23). Line 4 less line 7 | -60,940 |

## Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 24 of the instructions)

| | | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|---|---|---|---|---|
| 1 | Balance at beginning of tax year | -87,916 | | |
| 2 | Ordinary income from page 1, line 21 | | | |
| 3 | Other additions See Statement 7 | 7,051 | | |
| 4 | Loss from page 1, line 21 | (60,940) | | |
| 5 | Other reductions See Statement 8 | (5,737) | ( ) | |
| 6 | Combine lines 1 through 5 | -147,542 | | |
| 7 | Distributions other than dividend distributions | | | |
| 8 | Balance at end of tax year. Subtract line 7 from line 6 | -147,542 | | |

## Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

| | | (a) Pro rata share items | | (b) Total amount |
|---|---|---|---|---|
| INCOME / LOSS | 1 | Ordinary income (loss) from trade or business activities (page 1, line 21) | 1 | -60,940 |
| | 2 | Net income (loss) from rental real estate activities (attach Form 8825) | 2 | |
| | 3 a | Gross income from other rental activities — 3a | | |
| | b | Expenses from other rental activities — 3b | | |
| | c | Net income (loss) from other rental activities. Subtract line 3b from line 3a | 3c | |
| | 4 | Portfolio income (loss): | | |
| | a | Interest income | 4a | |
| | b | Ordinary dividends | 4b | |
| | c | Royalty income | 4c | |
| | d | Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4d | |
| | e | Net long-term capital gain (loss) (attach Schedule D (Form 1120S)): | | |
| | | (1) 28% rate gain (loss) ▶ (2) Total for year ▶ | 4e(2) | |
| | f | Other portfolio income (loss) (attach schedule) | 4f | |
| | 5 | Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797) | 5 | |
| | 6 | Other income (loss) (attach schedule) | 6 | |
| DEDUCTIONS | 7 | Charitable contributions (attach schedule) | 7 | |
| | 8 | Section 179 expense deduction (attach Form 4562) | 8 | |
| | 9 | Deductions related to portfolio income (loss) (itemize) | 9 | |
| | 10 | Other deductions (attach schedule) | 10 | |
| INVESTMENT INTEREST | 11 a | Interest expense on investment debts | 11a | |
| | b | (1) Investment income included on lines 4a, 4b, 4c, and 4f above | 11b(1) | |
| | | (2) Investment expenses included on line 9 above | 11b(2) | |
| CREDITS | 12 a | Credit for alcohol used as a fuel (attach Form 6478) | 12a | |
| | b | Low-income housing credit: | | |
| | | (1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990 | 12b(1) | |
| | | (2) Other than on line 12b(1) for property placed in service before 1990 | 12b(2) | |
| | | (3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989 | 12b(3) | |
| | | (4) Other than on line 12b(3) for property placed in service after 1989 | 12b(4) | |
| | c | Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) | 12c | |
| | d | Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities | 12d | |
| | e | Credits related to other rental activities | 12e | |
| | 13 | Other credits | 13 | |
| ADJUSTMENTS AND TAX PREFERENCE ITEMS | 14 a | Depreciation adjustment on property placed in service after 1986 | 14a | 3,314 |
| | b | Adjusted gain or loss | 14b | |
| | c | Depletion (other than oil and gas) | 14c | |
| | d | (1) Gross income from oil, gas, or geothermal properties | 14d(1) | |
| | | (2) Deductions allocable to oil, gas, or geothermal properties | 14d(2) | |
| | e | Other adjustments and tax preference items (attach schedule) | 14e | |
| FOREIGN TAXES | 15 a | Type of income ▶ | | |
| | b | Name of foreign country or U.S. possession ▶ | | |
| | c | Total gross income from sources outside the United States (attach schedule) | 15c | |
| | d | Total applicable deductions and losses (attach schedule) | 15d | |
| | e | Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued | 15e | |
| | f | Reduction in taxes available for credit (attach schedule) | 15f | |
| | g | Other foreign tax information (attach schedule) | 15g | |
| OTHER | 16 | Section 59(e)(2) expenditures: a Type ▶ | | |
| | b | Amount ▶ | 16b | |
| | 17 | Tax-exempt interest income | 17 | |
| | 18 | Other tax-exempt income | 18 | |
| | 19 | Nondeductible expenses | 19 | 487 |
| | 20 | Total property distributions (including cash) other than dividends reported on line 22 below | 20 | |
| | 21 | Other items and amounts required to be reported separately to shareholders (attach schedule) | | |
| | 22 | Total dividend distributions paid from accumulated earnings and profits | 22 | |
| | 23 | Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b | 23 | -60,940 |

## Schedule A Cost of Goods Sold (see page 15 of the instructions)

| | | | |
|---|---|---|---|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | |

9a Check all methods used for valuing closing inventory:

(i) ☐ *Cost as described in Regulations section 1.471–3*

(ii) ☐ Lower of cost or market as described in Regulations section 1.471–4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471–2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e *Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?* ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

## Schedule B Other Information

| | Yes | No |
|---|---|---|
| 1 Check method of accounting: (a) ☒ Cash (b) ☐ Accrual (c) ☐ Other (specify) ▶ | | |
| 2 Refer to the list on page 25 through 28 of the instructions and state the corporation's principal: *(a) Business activity* ▶ SERVICES *(b) Product or service* ▶ HEALTH CARE DATA | | |
| 3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned | | X |
| 4 Was the corporation a member of a controlled group subject to the provisions of section 1561? | | X |
| 5 At any time during calendar year 1999, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90–22.1.) | | X |
| If "Yes," enter the name of the foreign country ▶ | | |
| 6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions | | X |
| 7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ ☐ | | |
| 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 9 If the corporation: (a) filed its election to be an S corporation after 1986; (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 15 of the instructions) ▶ $ | | |
| 10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 16 of the instructions) ▶ ☐ | | |

Form **1120S**

Department of the Treasury
Internal Revenue Service

# U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

▶ See separate instructions.

OMB No. 1545-0130

**2000**

For calendar year 2000, or tax year beginning , 2000, and ending , 20

A Effective date of election as an S corporation: 6/15/1995

B Business code no. (see pages 29–31): 541519

Use IRS label. Otherwise, print or type.

HEALTH CARE DATA, INC.
515 ENCINITAS BOULEVARD, SUITE 200
ENCINITAS, CA 92023

C Employer identification number: [redacted]

D Date incorporated: 6/15/1995

E Total assets (see page 11): $ 114,487

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶ 4

**Caution:** Include only trade or business income and expenses on lines 1a through 21. See page 11 of the instructions for more information.

| | | | | |
|---|---|---|---|---|
| INCOME | 1 a Gross receipts or sales 1,312,171 b Less returns & allowances c Bal ▶ | | 1c | 1,312,171 |
| | 2 Cost of goods sold (Schedule A, line 8) | | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c | | 3 | 1,312,171 |
| | 4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | 4 | |
| | 5 Other income (loss) (attach schedule) | | 5 | |
| | 6 **Total income (loss).** Combine lines 3 through 5 ▶ | | 6 | 1,312,171 |
| DEDUCTIONS (SEE PG 12 INSTRS FOR LIMITATIONS) | 7 Compensation of officers | | 7 | |
| | 8 Salaries and wages (less employment credits) | | 8 | 856,685 |
| | 9 Repairs and maintenance | | 9 | 509 |
| | 10 Bad debts | | 10 | |
| | 11 Rents | | 11 | 46,668 |
| | 12 Taxes and licenses | | 12 | 1,567 |
| | 13 Interest | | 13 | 19,850 |
| | 14 a Depreciation (if required, attach Form 4562) | 14a 28,071 | | |
| | b Depreciation claimed on Schedule A and elsewhere on return | 14b | | |
| | c Subtract line 14b from line 14a | | 14c | 28,071 |
| | 15 Depletion (**Do not deduct oil and gas depletion.**) | | 15 | |
| | 16 Advertising | | 16 | 16,843 |
| | 17 Pension, profit-sharing, etc., plans | | 17 | |
| | 18 Employee benefit programs | | 18 | |
| | 19 Other deductions (attach schedule) See Statement 1 | | 19 | 391,126 |
| | 20 **Total deductions.** Add the amounts shown in the far right column for lines 7 through 19 ▶ | | 20 | 1,361,319 |
| | 21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6 | | 21 | -49,148 |
| TAX AND PAYMENTS | 22 **Tax:** a Excess net passive income tax (att. schedule) | 22a | | |
| | b Tax from Schedule D (Form 1120S) | 22b | | |
| | c Add lines 22a & 22b (see page 15 of the instrs for addl taxes) | | 22c | |
| | 23 **Payments:** a 2000 estimated tax payments & amt applied from 1999 return | 23a | | |
| | b Tax deposited with Form 7004 | 23b | | |
| | c Credit for Federal tax paid on fuels (attach Form 4136) | 23c | | |
| | d Add lines 23a through 23c | | 23d | |
| | 24 Estimated tax penalty. Check if Form 2220 is attached ▶ ☐ | | 24 | |
| | 25 **Tax due.** If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 4 of the instructions for depository method of payment ▶ | | 25 | 0 |
| | 26 **Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶ | | 26 | |
| | 27 Enter amount of line 26 you want: **Credited to 2001 estimated tax** ▶ | **Refunded** ▶ | 27 | |

**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.

TAXPAYER'S COPY

Signature of officer — Date 4/18/01 — Title: President and CEO

**Paid Preparer's Use Only**

Preparer's signature: Adam R. Rosenberg, CPA — Date 4/18/01 — Check if self-employed ☐ — Preparer's SSN or PTIN [redacted]

Firm's name (or yours, if self-employed) address, and ZIP code: Adam R. Rosenberg & Co., CPAs
2236 Encinitas Blvd., Ste. C
Encinitas, CA 92024

[redacted]

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

## Schedule A Cost of Goods Sold (see page 16 of the instructions)

| | | | |
|---|---|---|---|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | **Total.** Add lines 1 through 5 | 6 | |
| 7 | Inventory at end of year | 7 | |
| 8 | **Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | |

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471–3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471–4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471–2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

## Schedule B Other Information

| | Yes | No |
|---|---|---|
| 1 Check method of accounting: (a) ☒ Cash (b) ☐ Accrual (c) ☐ Other (specify) ▶ | | |
| 2 Refer to the list on pages 29 through 31 of the instructions and state the corporation's principal: (a) Business activity ▶ SERVICES (b) Product or service ▶ HEALTH CARE DATA | | |
| 3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned | | X |
| 4 Was the corporation a member of a controlled group subject to the provisions of section 1561? | | X |
| 5 Check this box if the corporation has filed or is required to file **Form 8264**, Application for Registration of a Tax Shelter ▶ ☐ | | |
| 6 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If so, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 7 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 17 of the instructions) ▶ $ | | |
| 8 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 18 of the instructions) ▶ ☐ | | |

**Note:** If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

## Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

| | (a) Pro rata share items | | (b) Total Amount |
|---|---|---|---|
| INCOME (LOSS) | 1 Ordinary income (loss) from trade or business activities (page 1, line 21) | 1 | -49,148 |
| | 2 Net income (loss) from rental real estate activities (attach Form 8825) | 2 | |
| | 3 a Gross income from other rental activities | 3a | |
| | b Expenses from other rental activities | 3b | |
| | c Net income (loss) from other rental activities. Subtract line 3b from line 3a | 3c | |
| | 4 Portfolio income (loss): | | |
| | a Interest income | 4a | |
| | b Ordinary dividends | 4b | |
| | c Royalty income | 4c | |
| | d Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4d | |
| | e Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) | | |
| | (1) 28% rate gain (loss) ▶ (1) Total for year ▶ | 4e(2) | |
| | f Other portfolio income (loss) (attach schedule) | 4f | |
| | 5 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797) | 5 | |
| | 6 Other income (loss) (attach schedule) | 6 | |

## Schedule L Balance Sheets per Books

| | Assets | Beginning of tax year (a) | Beginning of tax year (b) | End of tax year (c) | End of tax year (d) |
|---|---|---|---|---|---|
| 1 | Cash | | 37,179 | | 21,411 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | | | | |
| 3 | Inventories | | | | |
| 4 | U.S. Government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach schedule) St. 3 | | 24,045 | | 25,293 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | 99,598 | | 145,863 | |
| b | Less accumulated depreciation | 55,514 | 44,084 | 83,585 | 62,278 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 14 | Other assets (attach schedule) St. 4 | | 6,747 | | 5,505 |
| 15 | Total assets | | 112,055 | | 114,487 |
| | **Liabilities and Shareholders' Equity** | | | | |
| 16 | Accounts payable | | | | |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | 229,238 | | 279,490 |
| 18 | Other current liabilities (attach schedule) St. 5 | | 18,209 | | 55,618 |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach schedule) | | | | |
| 22 | Capital stock | | 8,150 | | 8,150 |
| 23 | Additional paid-in capital | | 4,000 | | 4,000 |
| 24 | Retained earnings | | -147,542 | | -232,771 |
| 25 | Adjustments to shareholders' equity | | | | |
| 26 | Less cost of treasury stock | | ( ) | | ( ) |
| 27 | Total liabilities and shareholders' equity | | 112,055 | | 114,487 |

## Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

(You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

| | | | | |
|---|---|---|---|---|
| 1 | Net income (loss) per books | -49,229 | 5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize): a Tax-exempt interest $ | |
| 2 | Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize): | | | |
| 3 | Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15f, and 16b (itemize): a Depreciation $ b Travel and entertainment $ 31 | 31 | 6 Deductions included on Schedule K, lines 1 through 11a, 15f, and 16b, not charged against book income this year (itemize): a Depreciation $ | |
| | | | 7 Add lines 5 and 6 | 0 |
| 4 | Add lines 1 through 3 | -49,198 | 8 Income (loss) (Schedule K, line 23). Line 4 less line 7 | -49,198 |

## Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 27 of the instructions)

| | | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|---|---|---|---|---|
| 1 | Balance at beginning of tax year | -147,542 | | |
| 2 | Ordinary income from page 1, line 21 | | | |
| 3 | Other additions | | | |
| 4 | Loss from page 1, line 21 | ( 49,148) | | |
| 5 | Other reductions See Statement 6 | ( 81) | ( ) | |
| 6 | Combine lines 1 through 5 | -196,771 | | |
| 7 | Distributions other than dividend distributions | 36,000 | | |
| 8 | Balance at end of tax year. Subtract line 7 from line 6 | -232,771 | | |

Form **1120S**

Department of the Treasury
Internal Revenue Service

# U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

▶ See separate instructions.

OMB No. 1545-0130

**2000**

For calendar year 2000, or tax year beginning , 2000, and ending , 20

A Effective date of election as an S corporation: 6/15/1995

B Business code no. (see pages 28-31): 541519

Use IRS label. Otherwise, print or type.

HEALTH CARE DATA, INC.
515 ENCINITAS BOULEVARD, SUITE 200
ENCINITAS, CA 92023

C Employer identification number: [redacted]

Date incorporated: 6/15/1995

E Total assets (see page 11): $ 114,487

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶ 4

**Caution:** Include only trade or business income and expenses on lines 1a through 21. See page 11 of the instructions for more information.

| | | | | |
|---|---|---|---|---|
| INCOME | 1 a Gross receipts or sales 1,312,171 b Less returns & allowances c Bal ▶ | | 1c | 1,312,171 |
| | 2 Cost of goods sold (Schedule A, line 8) | | 2 | |
| | 3 Gross profit. Subtract line 2 from line 1c | | 3 | 1,312,171 |
| | 4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | 4 | |
| | 5 Other income (loss) (attach schedule) | | 5 | |
| | 6 **Total income (loss).** Combine lines 3 through 5 ▶ | | 6 | 1,312,171 |
| DEDUCTIONS (SEE PG 12 INSTRS FOR LIMITATIONS) | 7 Compensation of officers | | 7 | |
| | 8 Salaries and wages (less employment credits) | | 8 | 856,685 |
| | 9 Repairs and maintenance | | 9 | 509 |
| | 10 Bad debts | | 10 | |
| | 11 Rents | | 11 | 46,668 |
| | 12 Taxes and licenses | | 12 | 1,567 |
| | 13 Interest | | 13 | 19,850 |
| | 14 a Depreciation (if required, attach Form 4562) | 14a 28,071 | | |
| | b Depreciation claimed on Schedule A and elsewhere on return | 14b | | |
| | c Subtract line 14b from line 14a | | 14c | 28,071 |
| | 15 Depletion (**Do not deduct oil and gas depletion.**) | | 15 | |
| | 16 Advertising | | 16 | 16,843 |
| | 17 Pension, profit-sharing, etc., plans | | 17 | |
| | 18 Employee benefit programs | | 18 | |
| | 19 Other deductions (attach schedule) See Statement 1 | | 19 | 391,126 |
| | 20 **Total deductions.** Add the amounts shown in the far right column for lines 7 through 19 ▶ | | 20 | 1,361,319 |
| | 21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6 | | 21 | -49,148 |
| TAX AND PAYMENTS | 22 **Tax:** a Excess net passive income tax (att. schedule) | 22a | | |
| | b Tax from Schedule D (Form 1120S) | 22b | | |
| | c Add lines 22a & 22b (see page 15 of the instrs for addl taxes) | | 22c | |
| | 23 **Payments:** a 2000 estimated tax payments & amt applied from 1999 return | 23a | | |
| | b Tax deposited with Form 7004 | 23b | | |
| | c Credit for Federal tax paid on fuels (attach Form 4136) | 23c | | |
| | d Add lines 23a through 23c | | 23d | |
| | 24 Estimated tax penalty. Check if Form 2220 is attached ▶ ☐ | | 24 | |
| | 25 **Tax due.** If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 4 of the instructions for depository method of payment ▶ | | 25 | 0 |
| | 26 **Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶ | | 26 | |
| | 27 Enter amount of line 26 you want: **Credited to 2001 estimated tax** ▶ | **Refunded** ▶ | 27 | |

**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.

TAXPAYER'S COPY

Signature of officer — Date 4/18/01 — Title President and CEO

**Paid Preparer's Use Only**

Preparer's signature: Adam Rosenberg — Adam R. Rosenberg, CPA — Date 4/18/01 — Check if self-employed ☐ — Preparer's SSN or PTIN [redacted]

Firm's name (or yours, if self-employed) address, and ZIP code: Adam R. Rosenberg & Co., CPAs, 2236 Encinitas Blvd., Ste. C, Encinitas, CA 92024 [redacted]

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

Form **1120S** (2000)

KFA SF0US1 11/29/00

## Schedule A Cost of Goods Sold (see page 16 of the instructions)

| | | | |
|---|---|---|---|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 6 | |
| 6 | **Total.** Add lines 1 through 5 | 6 | |
| 7 | Inventory at end of year | 7 | |
| 8 | **Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | |

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471–3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471–4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471–2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

## Schedule B Other Information

| | | Yes | No |
|---|---|---|---|
| 1 | Check method of accounting: (a) ☒ Cash (b) ☐ Accrual (c) ☐ Other (specify) ▶ | | |
| 2 | Refer to the list on pages 29 through 31 of the instructions and state the corporation's principal: (a) Business activity ▶ SERVICES (b) Product or service ▶ HEALTH CARE DATA | | |
| 3 | Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned | | X |
| 4 | Was the corporation a member of a controlled group subject to the provisions of section 1561? | | X |
| 5 | Check this box if the corporation has filed or is required to file **Form 8264**, Application for Registration of a Tax Shelter ▶ ☐ | | |
| 6 | Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If so, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 7 | If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 17 of the instructions) ▶ $ | | |
| 8 | Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 18 of the instructions) ▶ ☐ | | |

**Note:** If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

## Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

| | | (a) Pro rata share items | | (b) Total Amount |
|---|---|---|---|---|
| INCOME (LOSS) | 1 | Ordinary income (loss) from trade or business activities (page 1, line 21) | 1 | -49,148 |
| | 2 | Net income (loss) from rental real estate activities (attach Form 8825) | 2 | |
| | 3 a | Gross income from other rental activities | 3a | |
| | b | Expenses from other rental activities | 3b | |
| | c | Net income (loss) from other rental activities. Subtract line 3b from line 3a | 3c | |
| | 4 | Portfolio income (loss): | | |
| | a | Interest income | 4a | |
| | b | Ordinary dividends | 4b | |
| | c | Royalty income | 4c | |
| | d | Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) | 4d | |
| | e | Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) | | |
| | | (1) 28% rate gain (loss) ▶ (1) Total for year ▶ | 4e(2) | |
| | f | Other portfolio income (loss) (attach schedule) | 4f | |
| | 5 | Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797) | 5 | |
| | 6 | Other income (loss) (attach schedule) | 6 | |

## Schedule L Balance Sheets per Books

| | Assets | Beginning of tax year (a) | Beginning of tax year (b) | End of tax year (c) | End of tax year (d) |
|---|---|---|---|---|---|
| 1 | Cash | | 37,179 | | 21,411 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | | | | |
| 3 | Inventories | | | | |
| 4 | U.S. Government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach schedule) St. 3 | | 24,045 | | 25,293 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments (attach schedule) | | | | |
| 10a | Buildings and other depreciable assets | 99,598 | | 145,863 | |
| b | Less accumulated depreciation | 55,514 | 44,084 | 83,585 | 62,278 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 14 | Other assets (attach schedule) St. 4 | | 6,747 | | 5,505 |
| 15 | Total assets | | 112,055 | | 114,487 |
| | **Liabilities and Shareholders' Equity** | | | | |
| 16 | Accounts payable | | | | |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | 229,238 | | 279,490 |
| 18 | Other current liabilities (attach schedule) St. 5 | | 18,209 | | 55,618 |
| 19 | Loans from shareholders | | | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (attach schedule) | | | | |
| 22 | Capital stock | | 8,150 | | 8,150 |
| 23 | Additional paid-in capital | | 4,000 | | 4,000 |
| 24 | Retained earnings | | -147,542 | | -232,771 |
| 25 | Adjustments to shareholders' equity | | | | |
| 26 | Less cost of treasury stock | | ( ) | | ( ) |
| 27 | Total liabilities and shareholders' equity | | 112,055 | | 114,487 |

## Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

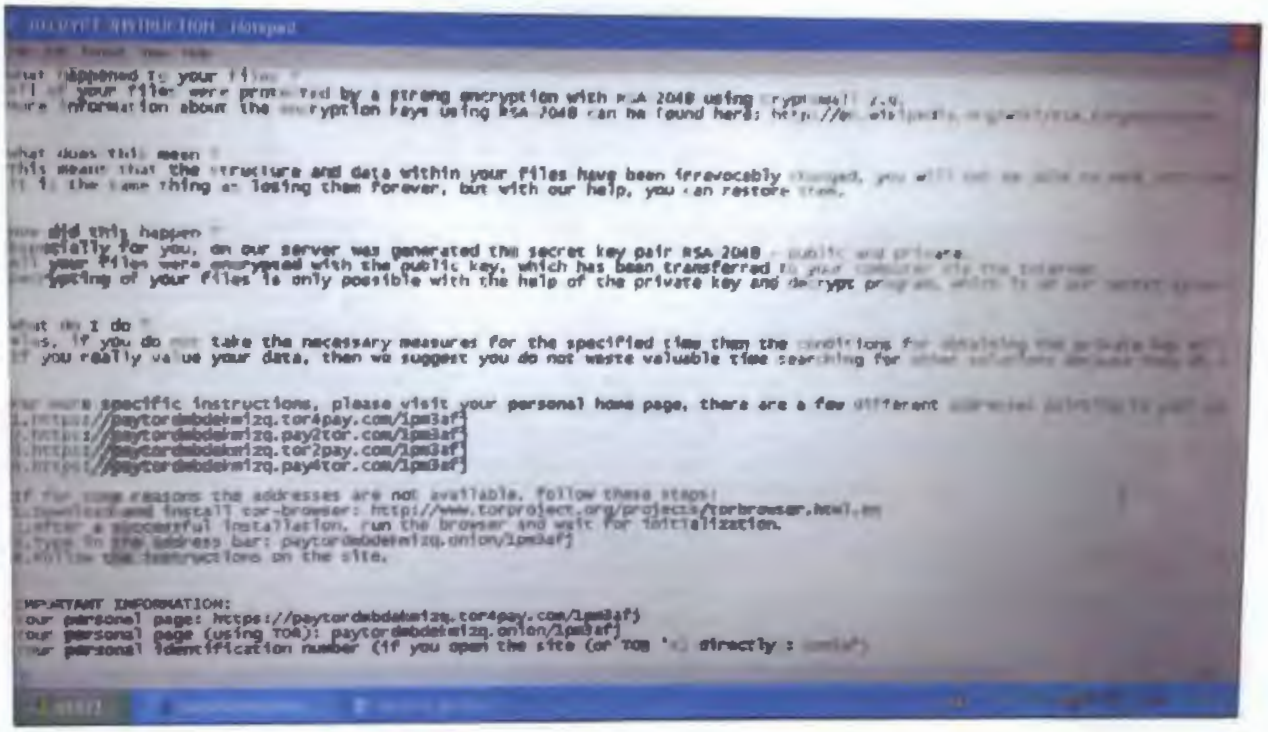
(You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

| | | | | |
|---|---|---|---|---|
| 1 | Net income (loss) per books | -49,229 | 5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize): a Tax-exempt interest $ | |
| 2 | Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize): | | | |
| 3 | Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15f, and 16b (itemize): a Depreciation $ b Travel and entertainment $ 31 | 31 | 6 Deductions included on Schedule K, lines 1 through 11a, 15f, and 16b, not charged against book income this year (itemize): a Depreciation $ | |
| | | | 7 Add lines 5 and 6 | 0 |
| 4 | Add lines 1 through 3 | -49,198 | 8 Income (loss) (Schedule K, line 23). Line 4 less line 7 | -49,198 |

## Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 27 of the instructions)

| | | (a) Accumulated adjustments account | (b) Other adjustments account | (c) Shareholders' undistributed taxable income previously taxed |
|---|---|---|---|---|
| 1 | Balance at beginning of tax year | -147,542 | | |
| 2 | Ordinary income from page 1, line 21 | | | |
| 3 | Other additions | | | |
| 4 | Loss from page 1, line 21 | (49,148) | | |
| 5 | Other reductions See Statement 6 | (81) | ( ) | |
| 6 | Combine lines 1 through 5 | -196,771 | | |
| 7 | Distributions other than dividend distributions | 36,000 | | |
| 8 | Balance at end of tax year. Subtract line 7 from line 6 | -232,771 | | |

# EXHIBIT B


DECRYPT INSTRUCTION - Notepad
What happened to your files ?
All of your files were protected by a strong encryption with RSA 2048 using Cryptomall 2.0.
More information about the encryption keys using RSA 2048 can be found here:
What does this mean ?
This means that the structure and data within your files have been irrevocably changed, you will not be able to work
It is the same thing as losing them forever, but with our help, you can restore them.
How did this happen ?
Especially for you, on our server was generated the secret key pair RSA 2048 - public and private.
All your files were encrypted with the public key, which has been transferred to your computer via the Internet.
Decrypting of your files is only possible with the help of the private key and decrypt program, which is on our secret
What do I do ?
Alas, if you do not take the necessary measures for the specified time then the conditions for obtaining the private key will
If you really value your data, then we suggest you do not waste valuable time searching for other solutions because they do
For more specific instructions, please visit your personal home page, there are a few different addresses pointing to your
1.https://paytordmbdekmizq.tor4pay.com/1pm3afj
2.https://paytordmbdekmizq.pay2tor.com/1pm3afj
3.https://paytordmbdekmizq.tor2pay.com/1pm3afj
4.https://paytordmbdekmizq.pay4tor.com/1pm3afj
If for some reasons the addresses are not available, follow these steps:
1.Download and install tor-browser: http://www.torproject.org/projects/torbrowser.html.en
2.After a successful installation, run the browser and wait for initialization.
3.Type in the address bar: paytordmbdekmizq.onion/1pm3afj
4.Follow the instructions on the site.
IMPORTANT INFORMATION:
Your personal page: https://paytordmbdekmizq.tor4pay.com/1pm3afj
Your personal page (using TOR): paytordmbdekmizq.onion/1pm3afj
Your personal identification number (if you open the site (or TOR 's) directly : 1pm3afj

ATTACHMENT #5

KREAMER FUNERAL HOME & CREMATORY INC.
The staff at Kreamer Funeral Home & Crematory would like to extend a heartfelt "Thank You" to the residents of the Lebanon Valley for voting us #1 Funeral Home in the Lebanon Valley for the 5th Consecutive Year
2016



## SERVICES

**Thompson Funeral Home, Inc.**
126 South Ninth Street
Lebanon, PA 17042
**(717) 272-0701**

Website
View Map
Send Flowers

See Services Detail

## RESOURCES

More Obituaries for Carol Arnold

Looking for an obituary for a different person with this name?

Arnold Records (100+)

# Carol Marie Arnold

1948 - 2015 Obituary Condolences

Carol M. Arnold LEBANON Carol Marie Arnold, 66, died at home on June 26, 2015. She was born in Lebanon on December 17, 1948. She was the youngest daughter of the late William J. Coats and Sara E. (Payne) Coats. As a child of a military father she attended schools in several states and overseas. She graduated from Lebanon Catholic High School in 1966. She was a member of Saint Mary's Catholic Church. In 1969 she married David W. Arnold and had two sons, both surviving, David W. Arnold Jr. of Lebanon and Matthew V. Arnold of Encinitas Calif. After undergoing heart surgery at 17, she decided to follow in her mother's footsteps and enter the nursing field. She received her LPN license from Lebanon Career and Technology in 1967. She became a Registered Nurse graduating from HACC nursing school and continued her nursing advancement by receiving a Bachelor's Degree in Nursing from Millersville University. She received a Master's of Science Degree in Health Administration at the University of St. Francis. Her career in nursing included work at the Alpine Nursing Home, Good Samaritan Hospital, Lebanon VA Medical Center, and Hershey Medical Center; her longest tenure being a home health nurse for the Good Samaritan. In 1992 she became employed as health care surveyor for the Joint Commission, Chicago, Ill. This took her on the road assessing quality services at home care and hospital facilities across the country. She was a founding partner in Health Care Data Inc, a data collections service measuring quality outcomes in health care. This successful enterprise was sold in 2007 and Carol continued in the business until she retired in 2010. Carol is survived by her sisters, Mary Ann Rogers, wife of Leonard C. Rogers, Encinitas, Calif., Jeanne Olson, wife of Craig M. Olson, Twisp, Wash.; and an uncle, Vincent Payne of Palmyra. Carol was loved by everyone for her ability to be instantly approachable, her contagious smile, easy sense of humor, unfailing optimism and unrelenting compassion for the ill and less fortunate. She will be remembered as the sweetest, most loving wife, mother, sister and friend. In retirement she volunteered at Volunteers in Medicine. She loved to read, discuss and share books with others, was an avid movie goer, liked to visit the casino and loved her home, family and friends. Her laugh, joy, and love of life will be sadly missed by a lifetime of friends and family. Funeral Mass will be held at 11 a.m. on Thursday, July 2, 2015 at St. Mary's Church, 2 N. 8th St., Lebanon. Interment will follow at Holy Cross Cemetery. Visitation hours will be held from 9 to 11 a.m. at the church. In lieu of flowers please make donations in memory of Carol to Volunteers in Medicine Free Clinic, 711 S. 8th St., Lebanon, PA 17046. Thompson Funeral Home, Inc., is

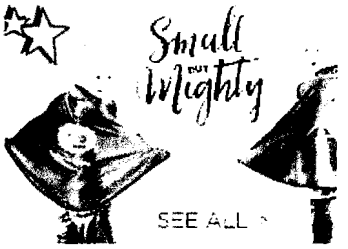
## PRINTED GUEST BOOK

Hold on to the beauti
thoughts and memori

Professionally printed
keepsake that you will
cherish for years to co

Family EXCLUSIVE

EMPOWERING FUN FOR K




SEE ALL

## MORE INFORMATION

KREAMER FUNERAL HOME & CREMATORY
The staff at Kreamer Funeral Home & Crematory would like to extend a heartfelt "Thank You" to the residents of the Lebanon Valley for voting us #1 Funeral Home in the Lebanon Valley for the 5th Consecutive Year
Learn More

# EXHIBIT C

ATTACHMENT #2



Taxpayer's Signature: _____ Date: _____

Spouse's Signature: _____Date: _____

PLEASE DO NOT FILE AN AMENDED RETURN. Amending your return may delay completion of our review.

Please complete and return this letter and any additional information within 30 days of the date of this letter. Or, you can fax the information to us at the fax number shown below.

R. WILLIAMS
PERSONAL INCOME TAX
Telephone: 916 845 7265
TDD No.: 1 800 822 6268
Fax: 916 843 0107
HW : :

COPY

In reply refer to
348:RLW

ATTACHMENT #2

MARCH 25, 2011

LEONARD C ROGERS
MARYANN ROGERS
[redacted]

Year(s): 2007
Account No.: [redacted]

We are reviewing your California personal income tax return for the tax year listed above. To complete our review, we need you to provide the additional information indicated below.

Residents of California are taxed on their income from all sources. Please substantiate that your Schedule CA subtraction of $396,000.00 on line 13, column B of the Schedule CA (540) is valid. Line 13 is used to report capital gains or losses. Furnish a complete explanation and show any details on a schedule.

If the subtraction is due to a pass-through entity such as a partnership, S corporation, estate, trust, etc., also send a copy of the Schedule K-1 filed at the federal level and a copy of the Schedule K-1 filed at the state level.

If income tax was paid to another state based on this income please furnish a copy of the state income tax return filed with the other state and a copy of both sides of the cancelled check used to pay the other state income tax. The other state income tax credit may be allowed by one of the two states if the income is double taxed.
If we need additional information to complete our review, we may call you or your representative during business hours. Please provide the following information:
Name of person to contact: _____ Telephone: (___)_____

Best time to call: _____ Best day to call: _____

COPY

# EXHIBIT D

ATTACHMENT #3

January 16, 21013

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com®

7012 0470 0000 0273 1967

| | |
|---|---|
| Postage | $ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | $ |

Postmark Here

Sent To Franchise Tax Board
Street, Apt. No.; or PO Box No.
City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

TO: State of California
Franchise Tax Board
PO Box 1673
Sacramento, CA 95812-1673

ATTN: Rhonda Williams
348 : RLW
[redacted]

FROM: Leonard C. Rogers [redacted])
Mary Ann Rogers [redacted]
[redacted]
[redacted]
Day Time Telephone: [redacted]

RE: Protest– State of California Franchise Tax Board
Notice Date: November 27, 2012
Taxable Year: 2007
Account No.: [redacted]

Ms. Williams

Ms. Williams, hi, thank you for the extending our response time until January 19, 2013. Below are statements of facts as we see them. In summary, the K-1 forms currently submitted to the Federal and State are identical. We still contend that the subtraction of $396,000.00 on line 13, column B, of the Schedule CA 540 as valid, since the subtraction is due to a pass through entity, Health Care Data, Inc., an S Corporation. We prepared our personal 2007 tax returns using TurboTax software. A review of the sale of Health Data Inc stock may not have been the correct amounts correctly put into the Turbo Tax program.

We were instructed by letter from the California Franchise Tax Board not to send a revision to our 2007 taxes due to this review. However, due to the confusion on this issue, Mary Ann and I are requesting that I be allowed to file an amended 2007 tax return by having a CPA review and resubmit.

STATEMENT OF FACTS

The income received in 2007 was the result of three partners selling our business, Health Care Data, Inc (HCD) to Thomson Reuters (Healthcare) Inc., in May 2007.

Health Care Data Inc 2007 taxes were completed by HCD's accountant, Adam R. Rosenberg, CPA, [redacted]

#3

and additional $3,111.58. I submitted the additional assessment for the full amount on December 8, 2008. (Attachment #1)

We prepared our personal 2007 tax returns using TurboTax software. The program inserted the subtraction of $396,000.00 on line 13 column B of the Schedule CA 540 as valid, since the subtraction is due to a pass through entity, Health Care Data, Inc., an S Corporation. Attached are copies of the Schedule K-1 filed at the Federal and State Level. (Attachment #2)

On July 15, 2009, we received notice that we had a balance due of $37,501.25 on our California personal taxes. After a detailed discussion with a Franchise Tax representative, on August 14, 2009, we paid, via web pay, $37,655.67.67. (Attachment # 3). We were told our taxes were paid in full.

On December 28, 2009, The Department of Treasury, Internal Revenue Service – Federal, notified us that our 2007 personal taxes were incorrect. It revolved around our W-2 statements. It was corrected and we were found at no fault. It was a payroll error submission to the Federal and State. (Attachment #4). The IRS made the correction, but we are not certain California State made the correction.

We are faxing this cover letter; the documentation is being mailed today.

In closing, I would like to thank you Ms. Williams for your assistance.

Thank you for your reconsideration, please call if you have questions.

Sincerely,

Thank you

Leonard C. Rogers

Mary Ann Rogers

# EXHIBIT E

**Revised Budget Suggestions 2-06-03**

Cost Reduction Requirement

**Salary Reduction = $165,346.00**

Based on our ADP Payroll Register for the period 01-01-2003 to 01-15-2003 our cash requirement for salaries (including Marine Babayan) was:

| | |
|---|---|
| Checks: | $2,105.39 |
| Net Direct Deposits | 29,283.12 |
| Taxes – ADP Resp | 16,020.28 |
| ADP Invoice | 70.38 |
| HCD Cash Requirements | $48,019.17 |

$48,020 x 2 = $96,040 per month x 12 = $1,152,480 per year

| | |
|---|---|
| $1,152,480.00 | |
| (30,000.00) | ½ time for Alex Gelfer |
| (9,380.00) | Marine Babayan leaving May 30, 2003 |
| (11,136.00) | Kristy Sarge 6 mo. non-pay |
| $1,101,964.00 | 2003 Payroll based on the above assumptions |

| | |
|---|---|
| $91,830.00 | HCD Payroll per month for 2003 |
| x 10 months | |
| $918,300 Salary Requirements for 10 months | |
| x 10% salary reduction for all employees | |
| $91,830.00 | |
| 23,000.00 | All Ready Saved (Partners and Associates |
| 30,000.00 | ½ time for Alex Gelfer |
| 9,380.00 | Marine Babayan leaving May 30, 2003 |
| 11,136.00 | Kristy Sarge 6 mo. non-pay |
| $165,346.00 | Salary Savings |

**Health Insurance - $9,375**

Percent across the board

Employees pay 25% of their health insurance premium.

25% of $45,000 = $11,250 annual savings (10 months = $9,375)

**Interest Expenses - $9,000**

By Paying down our debt we could reduce the interest charges by $9,000

**Misc. - $22,500**

| | |
|---|---|
| Rate Reduction | |
| Product development | $10,000 |
| Consulting | $ 1,000 |
| Office Supplies | $ 3,000 |
| Trade Shows & Marketing | |
| Should be combined and reduced | |
| From $25,000 to $20,000 | $ 5,000 |
| Corporate Meetings | $ 3,500 |
| Misc. Savings | $22,500 |

**Total Savings $206,221**

**Debt**

$50,000 of the total savings of $206,221 should go toward our debt pay down.

We should still aggressively peruse the remaining $74,000 in accounts receivables plus the Fountain View Bankruptcy

$100,000 Fountain View
$51,000 (collecting 69% of the$74,000 accounts receivables
$151,000
50,000
$201,000 Towards our debt

**NOT INCLUDED**
**Disease Management ... up to $100,000**
**Additional Core Measures for the military...up to $150,000**

**Balanced Budget Suggestions**

**Goal:** to balance our budget by reducing 2003 costs by $144,000 and reduce our debt by at least half of our current amount of $302,000.

Total reduction needed for the remainder of 2003: $295,000

This will give a balanced budget for 2003, entering 2004 with a debt of $151,000

**Cost Reduction Suggestions**

**Health Insurance**

Establish co-pays for health insurance

Option 1. Percent across the board
Employees pay 25% of their health insurance premium.
25% of $45,000 = $11,250 annual savings (10 months = $9375)

Option 2 A flat deductible of $75 per month per employee
15 employees @$75 per month x12 months= $13,500 annual savings.
(10 months = $11,250)

Option 3 A separate flat fee for single, married, and married with dependents. (I don't have the information to figure a savings)

**Accounts Receivable**

Currently $233,000 in accounts receivable; of that $159,000 is Fountain View (Summit)

This evening I talked with John Wilson – Bankruptcy liaison 818-556-5284. The latest is they now have a plan to emerge in June, paying 100 cents on the dollar plus 91/2 %. He stated our claim is with Bill Scott, who is intending to call me. (Remember Bill Scott – Chairman of the Board?) John Wilson stated our claim would be paid, with two options. Paid in full up front at 80%, + 91/2% interest or 100% in three semi-annual installments + 91/2%. We will most likely receive around $100,000 in the second half of 2003, if things stay on track with the Bankruptcy.

Aggressively peruse the remaining $74,000 in accounts receivables

$100,000 Fountain View
$51,000 (collecting 69%of the $74,000 accounts receivables
$151,000 towards the debt

**Interest Expenses**

By Paying down our debt we could reduce the interest charges by $9,000

**Salaries**

Reduce Alex to half time $65,000 +approx. 10% employee costs (he would keep health insurance) $71,500 = $5958 per month / ½ - $2979 x 10 months = $29,790

Reduce all salaries by 10% (approx $800,000 without the add on costs) = $80,000

**Misc.**

Not use David Beach or other consultants at all during the remainder of the year.
$1,000-$3,000

Meet with Polytech to get a better rate than $85 per hour.

**Summary**

| | | |
|---|---|---|
| Health Insurance | | $9,375 - $11,250 |
| Interest | | $9,000 |
| Salaries | | |
| | Alex | $29,790 |
| | 10% Reduction for all employees | $80,000 |
| | All ready saved $21,000 | |
| Misc. | | |
| | Rate Reduction | |
| | Product development | $5,000 |
| | Consulting D. Beach | $1,000 |

**Total Savings 2003 to balance budget $155,165**

**Debt**

Aggressively perusing the remaining $74,000 in accounts receivables

$100,000 Fountain View
$51,000 (collecting 69% of the$74,000 accounts receivables
$151,000 towards the debt

**NOT INCLUDED**
**Disease Management ... up to $100,000**
**Additional Core Measures for the military...up to $150,000**

| Salaries and wages | | q4 |
|---|---|---|
| Craig | 94500 | 27000 |
| Leonard | 94500 | 27000 |
| carol | 94500 | 27000 |
| jeanne | 60000 | 9000 |
| mary ann | 60000 | 9000 |
| dave sr | 60000 | 9000 |
| william regular 46000 | 34500 | |
| peter regular 40000 | 30000 | |
| david jr regular 40000 | 30000 | 6666.667 |
| matthew 40000 | 30000 | 6666.667 |
| owen | 6000 | |
| adam | 6000 | |
| wayne | 31200 | 7800 |
| steph | 29120 | 7280 |
| shuixang | 57500 | 14375 |
| garik | 70000 | 17500 |
| alex | 37500 | |
| heidi | 8360 | |
| marine | 5312 | |
| | 838992 | 168288.3 |
| approx payrol costs 6% | 50444 | 10097.3 |
| | 889436 | 178385.6 |

ASSUMPTIONS
alex leaves mid year
wm,pete,dave, matt each takes a total of 12 weeks layoff
heidi works thru August
marine works til the middle of may
Partners and associates all missed three pays

Deposit 9/29/
8353.33

Br [illegible]
7000

[illegible]

**Income and expenses for last quarter 2003 09/29/2003**

**4th quarter 2003 quarter expenses:**

| | | |
|---|---|---|
| Payroll | 225000 | 178385.6 |
| Rent | 19200 | |
| Healthcare | 8898 | |
| e-communica | 5100 | |
| interest | 3000 | |
| office | 1800 | |
| tele | 1800 | |
| loan repay | 3900 | |
| | 268698 | 222083.6 |
| | | |
| Conference exp | ? | |
| Product development Polytech | ? | |

**Income 4th quarter 2003**

| | |
|---|---|
| ACS | 70405 |
| Other- likely collectable by end of year | 81325 |
| ACS Asthma | 25000 |
| | 176730 |
| | |
| Other income on books | 138076 |
| Amount tied up in bankrupcy | 72000 |
| Probably not collectable by end | 66076 |

CAROL

Budget goals are to balance yearly budget and pay down debt by 30% for 2003. To do this we will need to cut approx $250,000. (ouch)

Partners and associates take a combined ($33,000 x 3)= cut (total 99,000)
14% cut in pay for all other family members= (Cut 22259.58)
Eliminate reception position = (Cut 20,685)
Make accounting position in Lebanon office half time = (Cut 14,000) or eliminate position = (cut 28,000)
Have rotating layoff between William, Matt, Peter and young Dave (hopefully saving about one salary = 30 to 40,000)
Cut Alex when possible (If by June or July would cut half his pay = $30,000)
Copay of 10% of insurance across the board =5,000

**Alternative II - Scenario of Savings**

| | |
|---|---|
| 178,250 | Shortfall |
| -23,000 | Already saved |
| 155,250 | |
| -25,000 | 50% Insurance copay |
| 130,250 | |
| -20,000 | Adam & Owen 10 months |
| 110,250 | |
| -16,000 | Heidi 10 months |
| 94,250 | |
| -32,500 | Alex 1/2 year |
| 61,750 | |
| -41,000 | Alternating layoff of one of Bill, Dave, Matt, Peter |
| 20,750 | |
| -45,000 | Partners and Associates additional 10 percent (10 months at 10%) |
| -24,250 | |
| -14,000 | Bookkeeper 1/2 time |
| -38,250 | |

-22,500

## Leonard Rogers

**From:** Mary Ann Rogers
**Sent:** Wednesday, February 05, 2003 4:38 PM
**To:** Carol Arnold; Dave Arnold; Craig Olson; Jeanne Olson; Leonard Rogers
**Subject:** Confidential

I think in the short term we could think about:

1. Having employees pay half of their health insurance. This would save about 25,000 per year. We could give them a couple months notice and say it will start May 1.

2. Have each employee take a week off without pay. We can either say the pay will be deducted when they take the week off or we can say the pay will be deducted the week of ???? and they can take any week during the year. This would save about $20,000 per year

3. Have the partners take an $8000 reduction in pay. This would save $24,000

4. In the longer run I think we could cut Alex from the payroll. I don't think we can do it all at once (maybe start off as part time) because the report writer and the admin have to be in tip top shape or in the process of being turned into sequel server. If we turn it over to web-based then the saving won't be felt until the next year because we will have the cost have having it programmed. Saving in the long run $65,000.

I also think there are allot of ways we can generate new income. The VA, SCCI, and patient satisfaction to name a few.

Talk to you tomorrow. Love, MA

Mary Ann

[redacted]

Budget Cuts for the remainder of the 2003

Based Upon reducing operating by $100,000

| | |
|---|---|
| Space savings | $2,700.00 |
| Banner increase | $4,000.00 |
| Other Contracts | $8,000.00 |
| Asthma | $15,000.00 |
| | |
| Partners and Associates 1 pay each (already done) | $22,500.00 |
| Associates 1/2 time August thru December | $30,000.00 |
| Adam and Owen | $10,000.00 |
| Alternate Friday afternnon off for tech support | ~~$600.00~~ |
| One additional week for the boys | ~~$3,500.00~~ |
| Reduction in payroll taxes (5%?) | $3,330.00 |
| | $99,630.00 |

22,500
x 3
67 500
30 000
97,500

100,000
40000
140 00
97.500
00

97,500
97 500

195,000
143

Letter A

## Balanced Budget Suggestions

**Goal:** to balance our budget by reducing 2003 costs by $144,000 and reduce our debt by at least half of our current amount of $302,000.

Total reduction needed for the remainder of 2003: $295,000

This will give a balanced budget for 2003, entering 2004 with a debt of $151,000

## Cost Reduction Suggestions

**Health Insurance**

Establish co-pays for health insurance

Option 1. Percent across the board
Employees pay 25% of their health insurance premium.
25% of $45,000 = $11,250 annual savings (10 months = $9375)

Option 2 A flat deductible of $75 per month per employee
15 employees @$75 per month x12 months= $13,500 annual savings. (10 months = $11,250)

Option 3 A separate flat fee for single, married, and married with dependents. (I don't have the information to figure a savings)

**Accounts Receivable**

Currently $233,000 in accounts receivable; of that $159,000 is Fountain View (Summit)

This evening I talked with John Wilson – Bankruptcy liaison 818-556-5284. The latest is they now have a plan to emerge in June, paying 100 cents on the dollar plus 91/2 %. He stated our claim is with Bill Scott, who is intending to call me. (Remember Bill Scott – Chairman of the Board?) John Wilson stated our claim would be paid, with two options. Paid in full up front at 80%, + 91/2% interest or 100% in three semi-annual installments + 91/2%. We will most likely receive around $100,000 in the second half of 2003, if things stay on track with the Bankruptcy.

Aggressively peruse the remaining $74,000 in accounts receivables

$100,000 Fountain View
<u>$51,000 (collecting 69%of the $74,000 accounts receivables</u>
$151,000 towards the debt

**Interest Expenses**

By Paying down our debt we could reduce the interest charges by $9,000

**Salaries**

Reduce Alex to half time $65,000 +approx. 10% employee costs (he would keep health insurance) $71,500 = $5958 per month / ½ - $2979 x 10 months = $29,790

Reduce all salaries by 10% (approx $800,000 without the add on costs) = $80,000

**Misc.**
Not use David Beach or other consultants at all during the remainder of the year.
$1,000-$3,000

Meet with Polytech to get a better rate than $85 per hour.

**Summary**

| | |
|---|---|
| Health Insurance | $9,375 - $11,250 |
| Interest | $9,000 |
| Salaries | |
| Alex | $29,790 |
| 10% Reduction | |
| for all employees | $80,000 |
| All ready saved | $21,000 |
| Misc. | |
| Rate Reduction | |
| Product development | $5,000 |
| Consulting D. Beach | $1,000 |

**Total Savings 2003 to balance budget $155,165**

**Debt**
Aggressively perusing the remaining $74,000 in accounts receivables

$100,000 Fountain View
$51,000 (collecting 69% of the$74,000 accounts receivables
$151,000 towards the debt

**NOT INCLUDED**
**Disease Management ... up to $100,000**
**Additional Core Measures for the military...up to $150,000**

**Leonard Rogers**

**From:** Craig Olson
**Sent:** Wednesday, February 05, 2003 3:52 PM
**To:** Carol Arnold; Dave Arnold; Jeanne Olson; Leonard Rogers; Mary Ann Rogers
**Subject:** Confidential

**All**

**Below is one scenario for balancing the budget plus taking a little off the debt. 178,250 is based upon 144,000 from our morning meeting, 28,000 for Kristy, and 6,250 for Marine. 178,000 is painful. I'm not sure what the actual figures are for some of these, just ballpark.**

**Scenario of Savings**

| | |
|---|---|
| 178,250 | Shortfall |
| -23,000 | Already saved |
| 155,250 | |
| -25,000 | 50% Insurance copay |
| 130,250 | |
| -20,000 | Adam & Owen 10 months |
| 110,250 | |
| -16,000 | Heidi 10 months |
| 94,250 | |
| -48,750 | Alex ¾ year |
| 45,500 | |
| -70,800 | Two Lads - 10 months |
| -25,300 | Off the debt |

Craig

**********
Craig M. Olson

2/6/2003

DAVE

Also, institute a bonus/commission program for sales, anyone signing on new clients. Say, 10%

Investigate elimination/reduction of office services

Could we do office cleaning every other week?
Could we eliminate/reduce our storage rental?
Could paper shredding be reduced?
Eliminate all incidental spending.
Put off purchase of replacement equipment that is not absolutely critical.

When payments are received, (as soon as we get out of this crunch) deposit them to the both credit lines, eliminating daily interest.

| | |
|---|---|
| 15% co-pay for all medical | 8700 |
| Reduce partner salary 15% | 48600 |
| Reduce all boys salary 10% | 17100 |
| Reduce associates salary 25% | 54000 |
| Part time/replace Alex if possible | 30000 |
| Make Kristy's position part time | 14000 |
| Eliminate Heidi's position. (Assign/alternate one of the boys to fill that position) | 20000 |
| Alternate layoff among the four boys | 30000 |
| Interest savings | 2000 |

Total 224400

## Leonard Rogers

**From:** Jeanne Olson
**Sent:** Wednesday, February 05, 2003 5:21 PM
**To:** Carol Arnold; Dave Arnold; Leonard Rogers; Mary Ann Rogers; Craig Olson

| | |
|---|---|
| 178,250 | Shortfall |
| -23,000 | Already saved |
| 155,250 | |
| -25,000 | 50% Insurance copay |
| 130,250 | |
| -10,000 | Adam or Owen 10 months |
| 120,250 | |
| -16,000 | Heidi 10 months |
| 104,250 | |
| -28,750 | Alex part time |
| 75,500 | |
| -70,800 | Two Lads - 10 months |
| 5,300 | Nothing off the debt |

I am willing to take a 15% cut in pay for all family if it gets put for debt reduction. I think all family should be covered by health insurance even if they are collecting unemployment. The problem with laying off Heidi besides the fact she is a single mother is the added commitment we need to make to be here. I almost think I'd rather lay off someone else. I can't tell you how important it is for me to pay down the debt. That is a very big concern for me. I really didn't know we were in this bad a shape. Only because i didn't want to. I wish it were different. This is of course my perspective and I am considering my needs first. Love Jeanne PS i copied the form from Craig but didn't see eye to eye on all soooo

Salaries and wages

| | |
|---|---|
| Craig | 94500 |
| Leonard | 94500 |
| carol | 94500 |
| jeanne | 63000 |
| mary ann | 63000 |
| dave sr | 63000 |
| william regular 46000 | 34500 |
| peter regular 40000 | 30000 |
| david jr regular 40000 | 30000 |
| matthew 40000 | 30000 |
| owen | 6000 |
| adam | 6000 |
| wayne | 31200 |
| steph | 29120 |
| shuixang | 57500 |
| garik | 70000 |
| alex | 37500 |
| heidi | 11440 |
| marine | 6250 |
| | 852010 |
| approx payrol costs 6% | 50444 |
| | ~~902454~~ 903 454 |

ASSUMPTIONS
alex leaves mid year
wm,pete,dave, matt each takes a total of 13 weeks layoff
heidi works the remainder of the year
marine works til the end of may (ten pays)
Partners and associates all missed three pays

121 4097
116,6058

# EXHIBIT F

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040
PHONE: 866.204.7902
FAX: 916.855.5646
ftb.ca.gov/inc

01/29/2009

CODE NUMBER: 3

ATTACHEMENT #6

**Notice Number: 01-0861119-012909**

LEONARD C ROGERS

[redacted]

4

MARCH 2009

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

Your reply is due:
**Wednesday,**
March 04, 2009

**You must respond by 03/04/2009**

We have no record of your:
2007 California personal income tax return

**This notice is a request for your 2007 tax return.**

## We believe you need to file a 2007 California income tax return.

You have an excellent history of filing your annual tax returns. However, we have no record of your 2007 California personal income tax return.

We received information from
THOMSON HEALTHCARE INC.
that leads us to believe that you have a California filing requirement for the 2007 tax year.

We also received information that you earned income from, but not limited to:
HEALTH CARE DATA INC.
WELLS FARGO BANK, N.A.
HELP HOSPITALIZED VETERANS

We want to work with you to resolve this matter as soon as possible.

Refer to the *Filing Requirement Guidelines* on page 2 of this notice for 2007 filing requirements. You must file even if you are due a refund.

## How do I respond to this notice?

**Filed Already?**

- Visit our website at **ftb.ca.gov/inc** anytime.
- Call our automated service at 866.204.7902 anytime.
- Complete Section A of the enclosed *Reply to FTB* and send it with a copy of your return by **March 04, 2009**

**No Filing Requirement?**

- Visit our website at **ftb.ca.gov/inc** anytime.
- Call our automated service at 866.204.7902 anytime.
- Complete Section B of the enclosed *Reply to FTB* and return it to us by **March 04, 2009**

**Haven't Filed Yet?**

- Complete your 2007 personal income tax return and send it to us by **March 04, 2009**
- To request forms or additional time to file, visit our website at **ftb.ca.gov/inc** or call our automated service at 866.204.7902 anytime.

**Assistance for persons with disabilities:** We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments, please call TTY/TDD 800.822.6268.

Download forms from our website at **ftb.ca.gov**

Call us at 800.338.0505 to have forms mailed to you.

Request forms by writing to:
TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
SACRAMENTO CA 95741-0307

# EXHIBIT G

0000000018972650000311210807++++++++0000031115830 ATTACHMENT #1

# NOTICE OF BALANCE DUE

☐ Check this box and indicate new address on reverse.

NOTICE NUMBER: 8428012081114 1
ENTITY ID: CORP 1897265

HEALTH CARE DATA INC.
STE 330
2121 PALOMAR AIRPORT RD
CARLSBAD CA 92011-1497

TAX YR(S) END: 05/07

BALANCE DUE:$ 3,111.58
PAYMENT DUE DATE: 12/08/08

Return the above part with your payment. ↑
Keep this part for your records. ↓

ENTITY ID: CORP 1897265

Payment Due Date: 12/08/08

Your business entity's account has a balance due.

Side 1 of this notice lists the tax year, current balance due, and the payment due date. Refer to the following table for details.

Side 2 provides a summary balance for all amounts due from your business entity.

We enclosed a Business Entity Refund/Billing Information (FTB 1138) insert. It provides information regarding interest, penalties, and fees.

If your business entity has unpaid liabilities for multiple tax years, it will receive separate notices for each one. Pay the balance due shown on the most recent tax year notice.

NOTE: HEALTH CARE DATA INC WAS ACQUIRED BY THOMSON REUTERS ON MAY 31, 2007

**Assessment for Taxable Year Ending:** 05/31/07

| | |
|---|---|
| Prepayment Tax Assessment: | |
| Tax Assessment: | 9,262.00 |
| Penalties/Fees: | |
| ESTIMATE PENALTY | 170.63 |
| DELINQUENT PENALTY | 2,115.50 |
| Interest Due: | 1,022.45 |
| Total Credits and Paym[redacted] | 9,459.00 |
| Refunds/Interest Allowed: | 0.00 |
| **LIABILITY BALANCE DUE:** | $ 3,111.58 |

LEONARD C ROGERS
MARY ANN ROGERS
[redacted]
2044
Dec. 9, 2008
PAY TO THE ORDER OF STATE OF CA FRANCHISE TAX BOARD $ 3,111.58
DOLLARS
[redacted]

**Please see Side 2 of this notice for additional information.**

# EXHIBIT H

STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0011

496301910006

CR06

Notice Date: 07/15/09

ATTACHMENT # 7

07150907++++++++++++[redacted]

## INCOME TAX DUE NOTICE

Account Number: [redacted]

☐ Check this box and indicate new address on reverse.

Tax Year(s): 2007

LEONARD C ROGERS & MARYANN ROERS
[redacted]

Balance Due: $37,501.25
Pay By: 07/30/09

Return this part with your payment ↑
Keep this part for your records ↓

## INCOME TAX DUE NOTICE

Notice Date: 07/15/09

This is to inform you that you have a balance due. The details of your account are listed below. The balance due includes all payments and credits applied to your account through June 24, 2009.

To pay your balance, please make your check or money order payable to the Franchise Tax Board. Write your full name and account number on your payment. Please mail your payment to the address indicated above.

If you have questions or think you do not owe the amount, please call us at (866) 418-3702 or send a fax to (916) 845-4914. **Assistance for persons with disabilities:** We comply with the American with Disabilities Act. Persons with hearing or speech impairments please call TTY/TDD (800) 822-6268. If you have already paid the balance, please contact us immediately with proof of payment, such as a number stamped on your cancelled check.

If you cannot pay the balance due, you may be eligible to make monthly payments through our Installment Agreement Program. You can get an *Installment Agreement Request Booklet* (FTB 3567BK) by visiting our Website at **www.ftb.ca.gov**, or call (800) 338-0505, and when prompted, enter code 949 to get the booklet.

If you do not pay the balance due within 30 days from the date of this notice, we may impose collection fees, contact third parties, file state tax liens (which may affect your credit), and take other collection actions.

**BALANCE SUMMARY FOR ACCOUNT** [redacted]

| TAX YEAR | TAX | * PENALTY AMOUNT | CODE ** | * INTEREST | COLLECT * FEES | PAYMENTS | ADJUSTMENTS | TAX YEAR AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 2007 | $170,258.00 | $27,675.25 | A | $9,826.00 | $0.00 | $160,701.00 | $9,557.00 | $37,501.25 |

?

| **OTHER LIABILITY CODES = = > | OTHER LIABILITY AMOUNT = = > |
|---|---|

**BALANCE DUE** $37,501.25

CN 2539

37,655.67

* Penalties, interest, fees, and your rights as a California taxpayer are explained on the enclosed insert FTB 1140.

** Penalty codes and other liability codes are listed on the back.

Can not pay.
Can forward
on installment
Payment option.

FTB 4963B V6 ARCS (REV 03-2009) SIDE 1

ATTACHMENT #7

Franchise Tax Board

Print and keep a copy of this page for your records. You will need your confirmation number to check the status of your request.

[illegible] your request

Confirmation Number : 128[illegible]

Date Request Made : [illegible]

Your personal [illegible]

Your First Name : [illegible] Middle Initial : C Last Name : R[illegible]

Y[illegible] tion

Bank Account Number : **15 [illegible]cking Bank Routing Number : **0247

Payment Amount : $ 37,6[illegible] Payment Date : [illegible]/14/[illegible]

Payment Type : Te[illegible] Tax Year : [illegible]

To cancel a Web Pay request, call our Help Desk at 916.845.0253, TTY/TDD 800.822.6268, at least two business days prior to your requested debit date. Our hours are 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding state holidays.

Make Another Payment

Log Out

Help - Get More Information

Privacy | Conditions of Use

Copyright © 2007 State of California