

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

In re:

NELSON DERMATOLOGY, PLLC

Debtor.

Case No. 17-11536-BFK
Chapter 11

**FIRST AMENDED DISCLOSURE STATEMENT FOR
NELSON DERMATOLOGY, PLLC'S PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE DATED OCTOBER 31, 2017**

I. INTRODUCTION

This is the first amended disclosure statement (the "*Disclosure Statement*") in the small business Chapter 11 case of Nelson Dermatology, PLLC (the "*Debtor*"). This Disclosure Statement contains information about the Debtor and describes *Nelson Dermatology, PLLC's Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated October 31, 2017* (the "*Plan*"). **A full copy of the Plan is attached to this Disclosure Statement as Exhibit A and is incorporated by reference.**

Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.

The proposed distributions under the Plan are discussed at pages 8-11 of this Disclosure Statement. General Unsecured Claims are classified in Class 1, and will receive a distribution of up to 25% of their Allowed Claims in quarterly distributions commencing no sooner than ninety (90) days after the Effective Date, and continuing thereafter until the earlier of the 5th anniversary of the Effective Date or the Creditors have received a 25% dividend, without

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interest, on account of their Allowed Claims. Based on the Debtor's cash flow projections, the Debtor estimates that Holders of Allowed General Unsecured Claims will receive a dividend of approximately 10% of their Allowed Claims, with payments commencing in February 2021.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the Debtor's Chapter 11 bankruptcy case (the "*Chapter 11 Case*");
- How the Plan proposes to treat Claims and Equity Interests of the type you hold (*i.e.*, what you will receive on your Claim or Equity Interest if the Plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (the "*Bankruptcy Court*" or the "*Court*") will consider when deciding whether to confirm the Plan;
- Why the Debtor believes the Plan is feasible, and how the treatment of your Claim or Equity Interest under the Plan compares to what you would receive on your Claim or Equity Interest in liquidation; and
- The effect of Confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. Time and Place of the Hearing to Confirm the Plan

The hearing at which the Court will determine whether to confirm the Plan will take place on **Tuesday, January 16, 2018, at 1:30pm**, in Judge Kenney's Courtroom III, United States Bankruptcy Court, 200 South Washington Street, Alexandria, Virginia 22314.

2. Deadline For Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to: Lauren Friend McKelvey, Odin, Feldman & Pittleman P.C., 1775 Wiehle Ave., Suite 400, Reston, Virginia 20190.

The *last day* to vote to accept or reject the Plan is **Tuesday, January 9, 2018**. To be counted, your ballot must be actually *received* by Ms. McKelvey by this date.

See section IV.A. below for a discussion of voting eligibility requirements.

3. Deadline For Objecting to the Confirmation of the Plan

Objections to the confirmation of the Plan must be filed with the Clerk of the Bankruptcy Court and served upon Ms. McKelvey and Mr. Frankel at the following addresses by **Tuesday, January 9, 2018**: (a) the Clerk of the Bankruptcy Court, 200 S. Washington Street, Alexandria, VA 22314; (b) Lauren Friend McKelvey, Odin, Feldman & Pittleman P.C., 1775 Wiehle Ave., Suite 400, Reston, Virginia 20190; and (c) Jack I. Frankel, Office of the United States Trustee, 115 South Union Street, Suite 210, Alexandria, Virginia 22314.

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact:

Lauren Friend McKelvey <i>Attorney for the Debtor</i> ODIN, FELDMAN & PITTLEMAN, P.C. 1775 Wiehle Ave., Suite 400 Reston, Virginia 20190 (703) 218-2135 (direct line) (703) 218-2160 (fax) Email: lauren.mckelvey@ofplaw.com

C. Definitions

Unless otherwise indicated, by context or otherwise, capitalized terms appearing in this Disclosure Statement shall have the meanings ascribed to them under Article I (Definitions) of the Plan. The term "*Reorganized Debtor*" means Nelson Dermatology, PLLC, as reorganized under and pursuant to the Plan on and after the Effective Date.

D. Disclaimer

The Bankruptcy Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Bankruptcy Court has not yet determined whether the Plan meets the legal requirements for Confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Bankruptcy Court, or a recommendation that it be accepted.

This Disclosure Statement is the only document authorized by the Bankruptcy

Court to be used in connection with the solicitation of votes accepting the Plan. No representations other than those explicitly set forth in this Disclosure Statement are authorized concerning the Debtor. Any representation or inducement made to secure your acceptance or rejection of the Plan which is not contained in this Disclosure Statement should not be relied upon by you in your decision on how to vote on the Plan.

The Debtor does not warrant or represent that the information contained herein is accurate, although great effort has been made to be accurate. This Disclosure Statement contains only a summary of the Plan. The Plan, which accompanies this Disclosure Statement, is an integral part of the Disclosure Statement, and each Creditor is urged to review the Plan in its entirety prior to voting on it. The terms of the Plan govern in the event of any inconsistency with this Disclosure Statement.

All forward-looking statements and financial projections contained herein or otherwise made by the Debtor involve material risks and uncertainties and are subject to change based on numerous factors, including factors that are beyond the Debtor's control. Accordingly, the Debtor's future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements and financial projections. Such factors include, but are not limited to, those described in this Disclosure Statement.

Except as otherwise specifically noted, the financial information contained herein has not been audited by a certified public accountant and has not necessarily been prepared in accordance with generally accepted accounting principles.

Holders of Claims should not construe the contents of this Disclosure Statement as providing any legal, business, financial, or tax advice and should consult with their own advisors.

No reliance should be placed on the fact that a particular Claim is, or is not, identified in the Disclosure Statement. The Debtor or Reorganized Debtor, as applicable, or may seek to investigate, file and prosecute Causes of Action and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether the Disclosure Statement identifies any such Causes of Action or objections to Claims in the Plan.

The Debtor is providing the information in this Disclosure Statement for the purpose of soliciting votes to accept the Plan. Nothing in this Disclosure Statement may be relied upon or used by any Entity for any purpose other than to determine how to vote on the Plan.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is Virginia professional limited liability company formed on or about September 25, 2009. The Debtor is a physician's office that provides high-quality, out-patient medical care from its single facility in Manassas, Virginia. The Debtor has seven employees, including two physicians.

The Debtor requires licenses and insurance coverage, all of which are current and in accord with applicable requirements, including malpractice insurance for each of its doctors. The Debtor's medical records are adequately protected. The Debtor complies with HIPAA and has privacy policies in place for medical records. Patients have access to their medical records upon the completion of standard paperwork.

Unique from many other dermatology practices, the Debtor serves and is accessible to all residents of Northern Virginia, regardless of income, and accepts virtually every health insurance, as well as Medicare and Medicaid. The Debtor's staff is multicultural and bilingual, serving both English-speaking and Spanish-speaking clientele.

B. Insiders of the Debtor

The Debtor is owned and managed by Dr. Jennell E. Nelson ("*Dr. Nelson*"), who is a highly qualified and recognized authority in Dermatology, Aesthetics and Dermatologic Surgery. In 2017, she was named the new Chair of the INOVA Fairfax Hospital, Department of Dermatology.

From May 5, 2015 to May 4, 2016, Dr. Nelson received approximately \$132,413.46 in compensation from the Debtor, consisting of approximately \$107,913.46 in distributions, and approximately \$24,500.00 in gross payroll. She contributed approximately \$100,513.77 to the Debtor during that period.

From May 5, 2016 to May 4, 2017, Dr. Nelson received approximately \$124,301.48 in compensation from the Debtor, consisting of approximately \$79,001.48 in distributions, and approximately \$45,300.00 in gross payroll. She contributed approximately \$103,661.59 to the Debtor during that period.

During the Chapter 11 Case, from May 5, 2017 through September 30, 2017, Dr. Nelson received approximately \$73,200.86 in compensation from the Debtor, consisting of approximately \$35,000.86 in distributions, and approximately \$38,200.00 in gross payroll. She contributed approximately \$28,545.07 to the Debtor during that period.

During the period of approximately 2010 through 2012, the Debtor engaged in business

dealings with Ernesto Flores and Piedmont Medical Real Estate, LLC (believed to be owned by Mr. Flores). Specifically, the Debtor handled the medical records of the medical practice of Mr. Flores' deceased spouse and entered into a lease with Piedmont Medical Real Estate, LLC. In the year 2011, Piedmont Medical Real Estate, LLC and/or Mr. Flores' filed partnership tax returns with the Debtor and/or Dr. Nelson. Accordingly, Piedmont Medical Real Estate, LLC and Ernesto Flores may be considered insiders of the Debtor. On September 25, 2015, Piedmont Medical Real Estate, LLC obtained a default judgment against the Debtor. The balance of the judgment on the Petition Date was \$191,966.14 (the Debtor disputes that it owed this amount). In the two years prior to the Petition Date, Piedmont Medical Real Estate, LLC collected the sum of \$16,861.89 by garnishment on account of its judgment from the Debtor.

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the Petition Date and during the Chapter 11 Case, the only officer, director, manager, or other person in control of the Debtor has been Dr. Nelson.

After the Effective Date of the Plan, the only officer, director, manager, or other person in control of the Reorganized Debtor will be Dr. Nelson. The Reorganized Debtor proposes to pay Dr. Nelson the following compensation for her services as manager and physician for the Debtor: 2018: \$140,000; 2019: \$140,000; 2020: \$161,000; 2021: \$184,100; and 2022: \$209,510. These are estimates only. The Reorganized Debtor has discretion to compensate Dr. Nelson in such amounts that are in the best interests of the Reorganized Debtor.

D. Events Leading to Chapter 11 Filing

Numerous events culminated in the Debtor's need for protection under Chapter 11 of the Bankruptcy Code. Various provisions of the Affordable Care Act reduced the Debtor's reimbursements and increased its costs. Dr. Nelson suffered from health conditions that reduced the amount she practiced and the corresponding income to the Debtor. Piedmont Medical Real Estate, LLC moved the Debtor into an office space that was too small, forcing the Debtor to break its lease. Piedmont Medical Real Estate, LLC sued the Debtor and obtained a default judgment with a balance on the Petition Date of \$191,966.14 (the Debtor disputes that it owed this amount). Piedmont Medical Real Estate, LLC and other Creditors began aggressive collection activities, including lawsuits and garnishments. Ultimately, Piedmont Medical Real Estate, LLC issued garnishment summons to insurance companies that owed accounts receivables to the Debtor, necessitating the Chapter 11 filing.

E. Significant Events During the Bankruptcy Case

Shortly after the Petition Date on May 5, 2017, the Debtor obtained interim and final relief to pay its critical vendors, continue to operate its cash management system, and maintain its existing bank accounts. In June of 2017, the Debtor implemented a new medical records and billing system, which should reduce the Debtor's administrative costs once fully implemented. Also in June of 2017, the Court granted the US Trustee's motion to not appoint a patient care

ombudsman because, among other reasons, the Debtor maintains an out-patient practice, holds malpractice insurance, complies with HIPAA, and its bankruptcy was not precipitated by any concerns regarding patient care. In July, 2017, the Debtor assumed the lease of its single-location physician's office in Manassas Virginia.

F. Projected Recovery of Avoidable Transfers and Causes of Action

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions. The Debtor is investigating claims it may have against David C. Jones, Jr., Esquire, its prior attorney, to whom the Debtor paid a \$2,000 retainer to represent the Debtor in the lawsuit brought by Piedmont Medical Real Estate, LLC that resulted in the default judgment discussed above.

G. Claims Objections

Except to the extent that a Claim is already Allowed pursuant to a Final Order, the Debtor reserves the right to object to Claims. Therefore, even if your Claim is Allowed for voting purposes, you may not be entitled to a distribution if an objection to your Claim is later upheld. The procedures for resolving disputed claims are set forth in Article VII of the Plan.

H. Current and Historical Financial Conditions

The identity and estimated fair market value (going concern value) of the Debtor's assets are listed in **Exhibit B**.

The Debtor's most recent financial statements issued before bankruptcy, each of which was filed with the Court, are set forth in **Exhibit C**.

All of the Debtor's post-petition operating reports without attachments filed since the commencement of the Debtor's bankruptcy case are set forth in **Exhibit D**. The attachments, which include income statements, balance sheets, disbursement summaries, accounts payable and receivable summaries, and bank statements, were filed with the Court. You can obtain copies by contacting the undersigned counsel for the Debtor or visiting the Court's website at <https://ecf.vaeb.uscourts.gov/cgi-bin/login.pl>.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Bankruptcy Code, the Plan places Claims and Equity Interests in various Classes and describes the treatment each Class will receive. The Plan also states

whether each Class of Claims or Equity Interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of Claims are automatically entitled to specific treatment under the Bankruptcy Code. They are not considered impaired, and Holders of such Claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Bankruptcy Code. As such, the Debtor has not placed the following Claims in any Class:

1. Administrative Expenses

Administrative Claims are costs or expenses of administering the Debtor's Chapter 11 Case which are allowed under § 507(a)(2) of the Bankruptcy Code. Administrative Claims also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the Petition Date. The Bankruptcy Code requires that all Administrative Claims be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated Administrative Claims, and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$11,000.00	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later.
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$0.00	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later.
Professional Fees, as Approved by the Bankruptcy Court.	\$100,000.00	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to Court Order if such fees have not been approved by the Court on the Effective Date of the Plan.
Clerk's Office Fees	\$0.00	Paid in full on the Effective Date of the Plan.

Other Administrative Claims	\$0.00	Paid in full on the Effective Date of the Plan or according to separate written agreement.
Office of the U.S. Trustee Fees	\$1,625.00	Paid in full on the Effective Date of the Plan.

2. *Priority Tax Claims*

Priority Tax Claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Bankruptcy Code. Unless the Holder of such § 507(a)(8) Priority Tax Claim agrees otherwise, it must receive the present value of such Claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtor's estimated § 507(a)(8) Priority Tax Claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Treatment
Internal Revenue Service (WT-FICA; CORP-INC; FUTA)	\$57,045.76	Pmt interval = monthly Monthly payment = \$1,213.29 Begin date = Feb. 2018 End date = April 2022 Interest Rate % = 4% per year Total Payout Amount = \$61,877.79
VA Dept. Taxation (withholding and sales taxes)	\$7,497.05	Pmt interval = monthly Monthly payment = \$162.79 Begin date = Feb. 2018 End date = April 2022 Interest Rate % = 4% per year Total Payout Amount = \$8,139.60

C. **Classes of Claims and Equity Interests**

The following are the Classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Class of General Unsecured Claims*

General Unsecured Claims are not secured by property of the Estate and are not entitled to priority under § 507(a) of the Bankruptcy Code.

The following chart identifies the Plan's proposed treatment of Class 1, which contains Allowed General Unsecured Claims against the Debtor:

Class #	Description	Impairment	Treatment
1	Allowed General Unsecured Class	Impaired	<p>Subject to Available Cash, Class 1 Creditors will receive quarterly distributions commencing no sooner than ninety (90) days after the Effective Date, and continuing thereafter until the earlier of the 5th anniversary of the Effective Date or the Creditors have received a 25% dividend, without interest, on account of their Allowed Claims.</p> <p>Projected payment start date: February 2021</p> <p>Projected Dividend: 10% <i>Dividend may be between 0% and 25% depending on Debtor's performance in accordance with its projections.</i></p>

2. Class of Equity Interest Holders

Equity Interest Holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a professional limited liability company, like the Debtor, the Equity Interest Holders are the members.

The following chart sets forth the Plan's proposed treatment of the class of Equity Interest Holders.

Class #	Description	Impairment	Treatment
2	Equity Interest Holders	Impaired	The Equity Interests in the Debtor shall be cancelled on the Effective Date.

D. Means of Implementing the Plan

1. Source of Payments

The Cash necessary for the Reorganized Debtor to make distributions to its Creditors pursuant to the Plan shall be obtained from the Net Cash Flow of the Reorganized Debtor. The Net Cash Flow means Cash generated from the operations of the Reorganized Debtor, less costs of sale, operating expenses, taxes, insurance, capital expenditures, and capital reserves. Distributions are made from Available Cash, which means Net Cash Flow after payment of and reserve for post-Effective Date expenses, including, but not limited to, professional fees, if any. Available Cash shall be calculated on a monthly basis for Creditors receiving monthly distributions under the Plan and on a quarterly basis for Creditors receiving quarterly distributions under the Plan.

2. Post-confirmation Management

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Proposed Compensation
Dr. Jennell E. Nelson	Equity Interest Holder; New Membership Interest Holder	Yes	Manager and physician	2018: \$140,000; 2019: \$140,000; 2020: \$161,000; 2021: \$184,100; 2022: \$209,510.

The foregoing proposed compensation are estimates only. The Reorganized Debtor has discretion to compensate Dr. Nelson in such amounts that are in the best interests of the Reorganized Debtor.

E. Risk Factors

The 5 year projections (attached as **Exhibit F**) represent the Debtor's best estimates of its future financial performance based on currently known facts and assumptions about the Reorganized Debtor's future operations, current economic conditions, and the health-care industry in which the Debtor operates. The Reorganized Debtor's actual financial results may differ significantly from the projections. Moreover, the financial condition and results of operations of the Reorganized Debtor from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in Debtor's historical financial statements.

The Plan is primarily funded by the operations of the Reorganized Debtor. Numerous factors may affect the revenues of the company, including health care legislation, the cost of

medical supplies, the reimbursement rates offered by insurance companies, Medicare, and Medicaid, and the health of Dr. Nelson.

If the Debtor does not meet its projections, Holders of Allowed General Unsecured Claims may receive nothing under the Plan. Under the current projections, Holders of General Unsecured Claims will receive their first payment in the year 2021.

F. Executory Contracts and Unexpired Leases

The Plan Supplement (to be filed within 21 days of the Confirmation Hearing) lists all Executory Contracts and Unexpired Leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such Executory Contracts and Unexpired Leases, and to cure defaults of the type that must be cured under the Bankruptcy Code, if any. The Plan Supplement will also list all amounts the Debtor proposes to pay to cure and compensate the other party to such Executory Contracts and Unexpired Leases for any such defaults.

If you object to the assumption of your Executory Contracts and Unexpired Leases, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the Confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in the Plan Supplement will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the Confirmation of the Plan.

The deadline for filing a proof of claim based on a Claim arising from the rejection of a lease or contract is thirty (30) days after the Effective Date. Any Claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.

1. Tax Consequences to Holders of Claims.

The proposed treatment of Claims under the Plan may have tax consequences for the Holders of Claims. For example, to the extent Creditors have written off any accounts receivable on their tax returns, ordinary income may be recognized from any distributions received under the Plan. Creditors are urged to consult their own tax advisors to determine the tax consequences of the Plan.

2. Discussion of Cancellation of Debt Rules on Debtor.

Cancellation of debt income is generated when outstanding indebtedness of a debtor is satisfied with consideration in an amount less than the amount of such indebtedness. The confirmation and implementation of the Plan may result in Cancellation of Debt income ("COD") recognition by the Debtor due to the exchange of Cash and notes of lesser value for the current obligations of the Debtors. Generally, COD income generated during a title 11 case is not subject to tax pursuant to Internal Revenue Code § 108. However, there are special rules for entities that are taxed as partnerships such as Sub Chapter S Corporations.

Nelson Dermatology is taxed as a Sub Chapter S Corporation which are taxed similarly to partnerships with some distinctions. One of the pertinent distinctions between the taxation of an S Corporation and a partnership is the recognition of COD income. Rather than pass through COD income, S Corporations determine the taxability of the COD income at the corporate level and therefore are able to exclude income from COD rather than pass it through to the shareholders (IRC §108(d)(7)). The result of this treatment is that the disallowed losses previously passed through to the S Corporation shareholders are reduced dollar for dollar by the amount of the COD that was excluded by the S Corporation. Thus, the S Corporation will pay no tax as a result of the COD generated by the plan but the sole shareholder will be required to reduce its tax attributes by the amount of the excluded COD income. Further, should the disallowed losses be insufficient to offset the entire amount of the COD recognized by the S Corporation other tax attributes will be reduced pursuant to IRC §108(b). The aforementioned tax attributes include the tax basis of the property held by the Debtor and could significantly impact the taxable income of the Debtor in the years following the Effective Date.

3. Information Reporting and Withholding.

Distributions to Holders of Claims under the Plan are subject to any applicable withholding, including employment tax withholding. Under US federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable rate. Backup withholding generally applies if the Holder (i) fails to furnish its social security number or other taxpayer identification number

("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

Treasury regulations generally require disclosure by a taxpayer on its US federal income tax return of certain types of transactions in which the taxpayer participated, including certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds, or transfers that the IRS has designated as "listed transactions" or "transfers of interest." Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, Holders of Claims are hereby notified that: (i) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by Holders of Claims for the purpose of avoiding penalties that may be imposed on them under federal, state or local tax laws, (ii) such discussion is written in connection with the promotion or marketing of the transactions or matters discussed herein, and (iii) Holders of Claims should seek advice based on their particular circumstances from an independent tax advisor.

THE FOREGOING DISCUSSION OF FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATIONAL PURPOSES ONLY. EACH CREDITOR AND EQUITY SECURITY HOLDER SHOULD CONSULT THEIR OWN TAX ADVISOR TO DETERMINE THE TREATMENT AFFORDED THEIR RESPECTIVE CLAIMS OR INTERESTS BY THE PLAN UNDER FEDERAL TAX LAW, THE TAX LAW OF THE VARIOUS STATES AND LOCAL JURISDICTIONS OF THE UNITED STATES AND THE LAW OF FOREIGN JURISDICTIONS.

BECAUSE OF CONTINUAL CHANGES BY THE CONGRESS, THE TREASURY DEPARTMENT, AND THE COURTS WITH RESPECT TO THE TAX LAWS, NO ASSURANCES CAN BE GIVEN REGARDING INTERPRETATIONS OF THE TAX LAWS, REPRESENTATIONS WITH RESPECT THERETO OR ANY OTHER MATTER ASSOCIATED THEREWITH.

NO STATEMENT IN THIS DISCLOSURE STATEMENT IS TO BE CONSTRUED AS TAX ADVICE OR LEGAL ADVICE TO ANY CREDITOR OR EQUITY INTEREST HOLDER. THE DEBTOR AND ITS COUNSEL AND ACCOUNTANTS ASSUME NO RESPONSIBILITY OR LIABILITY FOR THE TAX CONSEQUENCES A CREDITOR OR EQUITY INTEREST HOLDER MAY SUSTAIN AS A RESULT OF THE TREATMENT AFFORDED THEIR CLAIM OR INTEREST UNDER THE PLAN.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Bankruptcy Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired Class of Claims must accept the Plan, without counting votes of insiders; the Plan must distribute to each Creditor and Equity Interest Holder at least as much as the Creditor or Equity Interest Holder would receive in a Chapter 7 liquidation case, unless the Creditor or Equity Interest Holder votes to accept the Plan; and the Plan must be feasible. These requirements are *not* the only requirements listed in § 1129, and they are not the only requirements for Confirmation

A. Who May Vote or Object

Any party in interest may object to the Confirmation of the Plan if the party believes that the requirements for Confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A Creditor or Equity Interest Holder has a right to vote for or against the Plan only if that Creditor or Equity Interest Holder has a Claim or Equity Interest that is both (1) Allowed or allowed for voting purposes and (2) impaired.

In this case, the Debtor believes that Classes 1 and 2 are impaired and that Holders of Allowed Claims and Allowed Equity Interests in each of these Classes are therefore entitled to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a Creditor or Equity Interest Holder with an Allowed Claim or an Allowed Equity Interest has the right to vote on the Plan. Generally, a Claim or Equity Interest is Allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the Creditor has filed a proof of Claim or Equity Interest, unless an objection has been filed to such proof of Claim or Equity Interest. When a Claim or Equity Interest is not Allowed, the Creditor or Equity Interest Holder holding the Claim or Equity Interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the Claim or Equity Interest for voting purposes pursuant to Rule 3018(a) of the Bankruptcy Rules.

The deadline for filing a proof of claim in this case was September 6, 2017 for all Creditors, except governmental units, and November 1, 2017 for governmental units. The deadline to object to Claims is the first Business Day that is thirty (60) days after the Effective Date.

2. What Is an Impaired Claim or Impaired Equity Interest?

As noted above, the Holder of an Allowed Claim or Allowed Equity Interest has the right to vote only if it is in a Class that is *impaired* under the Plan. As provided in § 1124 of the Bankruptcy Code, a Class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that Class.

*3. Who is **Not** Entitled to Vote*

The Holders of the following five types of Claims or Equity Interests are **not** entitled to vote:

- Holders of Claims or Equity Interests that have been Disallowed by an order of the Court;
- Holders of other Claims or Equity Interests that are not Allowed, unless they have been allowed for voting purposes;
- Holders of Claims or Equity Interests in unimpaired classes;
- Holders of Claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Bankruptcy Code;
- Holders of Claims or Equity Interests in classes that do not receive or retain any value under the Plan; and
- Holders of Administrative Claims.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan.

4. Who Can Vote in More Than One Class

A Creditor whose Claim has been Allowed in part as a secured Claim and in part as an Unsecured Claim, or who otherwise hold Claims in multiple Classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each Claim.

A. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired Class of Creditors has accepted the Plan without counting the votes of any insiders within that Class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting Classes, as discussed later in

Section B.2.

1. *Votes Necessary for a Class to Accept the Plan*

A Class of Claims accepts the Plan if both of the following occur: (1) the Holders of more than one-half (1/2) of the Allowed Claims in the Class, who vote, cast their votes to accept the Plan, and (2) the Holders of at least two-thirds (2/3) in dollar amount of the Allowed Claims in the class, who vote, cast their votes to accept the Plan.

A class of Equity Interests accepts the Plan if the Holders of at least two-thirds (2/3) in amount of the Allowed Equity Interests in the Class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired Classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting Classes are treated in the manner prescribed by § 1129(b) of the Bankruptcy Code. A plan that binds nonaccepting Classes is commonly referred to as a "cram down" plan. The Bankruptcy Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Bankruptcy Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

B. Liquidation Analysis

To confirm the Plan, the Court must find that all Creditors and Equity Interest Holders who do not accept the Plan will receive at least as much under the Plan as such Claim and Equity Interest Holders would receive in a Chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as **Exhibit E**.

C. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

The Debtor believes that the Debtor will have enough Cash on hand on the Effective Date

of the Plan to pay all the Claims and expenses that are entitled to be paid on that date. The Holders of Professional Claims have agreed that their Claims may be paid pursuant to a payment plan with the Reorganized Debtor, set forth in the plan projections in **Exhibit F**. Accordingly, the Debtor does not require Cash on hand on the Effective Date sufficient to pay all of the Professional Claims.

2. Ability to Make Future Plan Payments and Operate Without Further Reorganization

The Debtor must also show that it will have enough Cash over the life of the Plan to make the required Plan payments.

The Debtor has provided projected financial information. Those projections are listed in **Exhibit F**. The Debtor's financial projections show that the Debtor will have sufficient cash flow to pay all Priority Tax Claims and Professional Claims in full, and to provide a dividend of approximately ten percent (10%) to Allowed General Unsecured Claims. The final Plan payment is expected to be paid in January, 2023.

The Debtor has prepared projected payments to each of the Holders of Priority Tax Claims and General Unsecured Claims. Those projections are listed in **Exhibit G**. Except to the extent that a Claim is already Allowed pursuant to a Final Order, the Debtor reserves the right to object to Claims. Therefore, even if your Claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your Claim is later upheld.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Vesting of Assets

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtor's bankruptcy estate and any property acquired by a Debtor or the Reorganized Debtor under the Plan shall vest in the Reorganized Debtor, free and clear of all Claims, liens, encumbrances, charges and other interests, except as provided herein. On and after the Effective Date, the Reorganized Debtor may operate its business, conduct its affairs and use, acquire or dispose of property and compromise or settle any Claims without the supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtor may pay the charges that they incur on and after the Effective Date for professionals' fees, disbursements, expenses or related support services without application to, or approval of, the Bankruptcy Court.

B. New Membership Interests

On the Effective Date, the New Membership Interests shall be issued to the New Equity Holder (Dr. Jennell E. Nelson) in exchange for the New Value. The issuance of the New Membership Interests is authorized without the need for any further company action or without any further action by a Holder of Claims or Interests.

C. Discharge of Claims and Cancellation of Equity Interests; Injunction

On the Effective Date of this Plan, the Debtor will be discharged from any and all pre-Effective Date debts and Claims, of any kind, nature, or description whatsoever against or in the Debtor or any of its assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code, except that the Debtor will not be discharged of any debt or Claim: (i) imposed by this Plan; (ii) of a kind specified in section 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Bankruptcy Rules; or (iii) of a kind specified in section 1141(d)(6)(B).

Except as provided in any other provision of the Plan, on the Effective Date, all existing Equity Interests in the Debtor shall be deemed to be terminated.

The satisfaction, releases, and discharge pursuant to Article X of the Plan shall also act as an injunction against any Holder of a Claim or an Interest commencing or continuing any action, employment of process, or act to collect, offset, or recover any Claim or Cause of Action satisfied, released, or discharged under this Plan to the fullest extent authorized or provided by the Bankruptcy Code, including, without limitation, to the extent provided for or authorized by sections 524 and 1141 thereof. Except as provided in this Plan or as expressly approved by the Reorganized Debtor, each Holder of a Claim or an Interest shall be precluded and enjoined from asserting against the Reorganized Debtor or the Reorganized Debtor's assets, any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

C. Binding Effect

On and after the Confirmation Date, and subject to the Effective Date, the provisions of the Plan shall bind any Holder of a Claim against, or Equity Interest in, the Debtor and its respective heirs, executors, affiliates, officers, directors, managers, agents, representatives, attorneys, beneficiaries, guardians, successors and assigns, whether or not the Claim or Equity Interest of such Holder is impaired under the Plan and whether or not such Holder has accepted the Plan.

D. Term of Injunction or Stay

Unless otherwise provided herein, all injunctions or stays arising under section 105 or 362 of the Bankruptcy Code, any order entered during the Chapter 11 Case under section 105 or

362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date or the date indicated in such order.

E. Injunction Against Interference with Plan

Upon the entry of the Confirmation Order with respect to the Plan, all Holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors or principals, shall be enjoined from taking any action to interfere with the implementation or consummation of the Plan.

F. Release By Holders of Claims and Interests

On and after the Effective Date, each Holder of a Claim or an Interest shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Debtor and the Reorganized Debtor from any and all Claims, Interests, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever, including any derivative Claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person or Entity is entitled to assert based in whole or in part upon any act, omission, transaction, agreement, event or occurrence taking place on or prior to the Effective Date, provided however, that the foregoing release shall not operate to waive or release any claims (1) based upon any post-Effective Date obligations of any party under the Plan or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan; and (2) with respect to distributions on account of Allowed Claims against the Reorganized Debtor pursuant to the Plan.

G. Exculpation

The Exculpated Parties shall have no liability to any Holder of a Claim or an Interest for any act taken or omission made in connection with, or arising out of, the Chapter 11 Case, the Disclosure Statement, this Plan or the formulation, negotiation, preparation, dissemination, implementation or the administration of this Plan, any instrument or agreement created or entered into in connection with this Plan, any other act taken or omitted to be taken in connection with, or in contemplation of, any of the restructuring or other transactions contemplated by this Plan, and the property to be distributed or otherwise transferred under this Plan; unless such Holder of a Claim or an Interest obtains the prior approval of the Bankruptcy Court to bring such a claim. Nothing in this section or elsewhere in this Plan shall release, discharge or exculpate any non-Debtor party from (a) any claim owed to the United States government or its agencies, including any liability arising under the Internal Revenue Code or criminal laws of the United States, or (b) any Claim of any Holder of a Claim or an Interest except as expressly set forth herein.

H. Modification of Plan

The Debtor may modify the Plan at any time before Confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan. The Debtor may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

I. Final Decree

Once the Estate has been fully administered, as provided in Rule 3022 of the Bankruptcy Rules, the Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Dated: December 12, 2017

/s/ Jennell E. Nelson

Dr. Jennell E. Nelson

Managing Member, Nelson Dermatology, PLLC

/s/ Lauren Friend McKelvey

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Counsel for Debtor and Debtor-in-Possession

Exhibit A - Copy of Proposed Plan of Reorganization

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

In re:)
)
)
NELSON DERMATOLOGY, PLLC) Case No. 17-11536-BFK
) Chapter 11
Debtor.)

**NELSON DERMATOLOGY, PLLC'S PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE DATED OCTOBER 31, 2017**

INTRODUCTION

Nelson Dermatology, PLLC respectfully proposes the following plan of reorganization under chapter 11 of the Bankruptcy Code. Capitalized terms used in the Plan and not otherwise defined shall have the meanings set forth in Article I hereof.

**ARTICLE I
DEFINED TERMS, RULES OF INTERPRETATION,
COMPUTATION OF TIME AND GOVERNING LAW**

A. *Defined Terms*

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "*Administrative Claim*" means a Claim for costs and expenses of administration pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estate and operating the business of the Debtor; (b) Professional Claim arising prior to the Effective Date; (c) all fees and charges assessed against the Estates under section 1930, chapter 123, of title 28, United States Code; and (d) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Case pursuant to sections 503(b)(3), (4) and (5) of the Bankruptcy Code.

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2. "*Administrative Claim Bar Date*" means the first Business Day that is thirty (30) days after the Effective Date.

3. "*Allowed*" means with reference to any Claim or Interest: (a) any Claim or Interest that is deemed or otherwise allowed pursuant to Section 502 of the Bankruptcy Code; and (c) any Claim or Interest expressly deemed allowed by the Plan.

4. "*Assumed Lease*" means the Debtor's lease for the premises at 7960 Donegan Drive, Suite 217, Manassas, Virginia which the Debtor assumed pursuant to the order entered by the Bankruptcy Court on July 20, 2017.

5. "*Available Cash*" means Net Cash Flow after payment of and reserve for post-Effective Date expenses, including, but not limited to, professional fees, if any. Available Cash shall be calculated on a monthly basis for Creditors receiving monthly distributions under the Plan and on a quarterly basis for Creditors receiving quarterly distributions under the Plan.

6. "*Avoidance Actions*" means any and all Claims and Causes of Action which the Debtor, the Debtor in Possession, the Estate, or other appropriate party in interest has asserted or may assert under sections 502, 510, 542, 544, 545, or 547 through 553 of the Bankruptcy Code or under similar or related state or federal statutes and common law, including fraudulent transfer laws.

7. "*Bankruptcy Code*" means Title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as applicable to the Chapter 11 Case.

8. "*Bankruptcy Court*" means the United States Bankruptcy Court for the Eastern District of Virginia, having jurisdiction over the Chapter 11 Case.

9. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Case, promulgated under 28 U.S.C. § 2075.

10. "*Business Day*" means any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

11. "*Cash*" means the legal tender of the United States of America or the equivalent thereof.

12. "*Causes of Action*" means all actions, causes of action (including Avoidance Actions), proceedings, controversies, claims, liabilities, obligations, rights, suits, debts, damages, judgments, remedies, powers, licenses, privileges, franchises, demands, setoffs, defenses, recoupments, cross claims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct, indirect or derivative, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act, omission or event occurring on or before the Effective Date

and also includes, without limitation: (a) any right of setoff, counterclaim or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any claim pursuant to section 362 of the Bankruptcy Code; (d) any claim or defense including but not limited to fraud, mistake, duress and usury and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state law fraudulent transfer or avoidance claim.

13. "*Chapter 11 Case*" means the Debtor's bankruptcy case filed under Chapter 11 of the Bankruptcy Code as case number Case No. 17-11536-BFK in the Bankruptcy Court.

14. "*Claim*" has the meaning set forth in section 101(5) of the Bankruptcy Code.

15. "*Claims Bar Date*" means the deadlines established by the Bankruptcy Court for creditors to file proofs of claim, September 6, 2017 for all creditors, except governmental units, and November 1, 2017 for governmental units.

16. "*Claims Objection Deadline*" means the first Business Day that is thirty (60) days after the Effective Date.

17. "*Class*" means a category of Holders of Claims or Interests as set forth in Article III A hereof pursuant to section 1122(a) of the Bankruptcy Code.

18. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Case.

19. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Case.

20. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court on confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

21. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

22. "*Creditor*" has the meaning set forth in Section 101(10) of the Bankruptcy Code.

23. "*Cure Claim*" means a Claim based upon a monetary default, if any, by the Debtor under an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtor pursuant to sections 365 or 1123 of the Bankruptcy Code.

24. "*Debtor*" or "*Debtor in Possession*" means Nelson Dermatology, PLLC, in its capacity as a debtor and debtor in possession in the Chapter 11 Case.

25. "*Disallowed*" means all or that portion, as applicable, of any Claim against the Debtor that (i) has been disallowed by a Final Order of

the Bankruptcy Court; (ii) is listed in the Schedules with an amount of "\$0" or "unknown," or as contingent, disputed or unliquidated, and as to which a proof of claim was not timely filed or deemed timely filed prior to the Claims Bar Date; (iii) has been agreed to be equal to \$0 or to be expunged pursuant to any compromise or settlement; or (iv) is not listed on the Schedules and as to which a proof of claim was not timely filed or deemed timely filed prior to the Claims Bar Date.

26. *"Disclosure Statement"* means the *Disclosure Statement for Nelson Dermatology, PLLC's Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated October 31, 2017*, as the same may be amended, supplemented or modified from time to time, including all exhibits and schedules thereto.

27. *"Disputed"* means, with respect to any Claim or Interest: (a) any Claim or Interest that is not yet Allowed or Disallowed; (b) a Claim or Interest as to which an objection has been interposed; or (c) a Claim held by any Entity against which the Debtor or the Reorganized Debtor assert, or have the right to assert, an Avoidance Action.

28. *"Distribution Date"* means any date upon which there is a distribution pursuant to the Plan.

29. *"Effective Date"* means the first Business Day after the Confirmation Order becomes a Final Order.

30. *"Entity"* shall have the meaning set forth in Section 101(15) of the Bankruptcy Code.

31. *"Equity Interest"* means any equity security in Nelson Dermatology PLLC, whether or not transferable, and any option, warrant or right, contractual or otherwise, to acquire any such interest in a Debtor that existed immediately before the Effective Date.

32. *"Estate"* means the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

33. *"Executory Contract"* means a contract to which the Debtor is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

34. *"Exculpated Parties"* means the Debtor and the Reorganized Debtor, and their respective officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other Professionals, in their capacities as such.

35. *"Final Distribution Date"* means a day selected by the Reorganized Debtor in its sole discretion to make the final distribution of Cash or property to Holders of Allowed Claims under the Plan.

36. *"Final Order"* means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction, which has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing shall have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice, or as to which an appeal or motion for reargument or rehearing is pending, but no stay of the order is in effect.

37. *"General Unsecured Claims"* means any Unsecured Claim against the Debtor that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, a Professional Claim, or a Secured Claim.

38. *"Holder"* means any Person or Entity holding a Claim or an Interest.

39. *"Lien"* means a lien as defined in section 101(37) of the Bankruptcy Code.

40. *"Net Cash Flow"* means Cash generated from the operations of the Reorganized Debtor, less costs of sale, operating expenses, taxes, insurance, capital expenditures, and capital reserves.

41. *"New Value"* means \$10,000 in Cash to be paid by the New Equity Holder between the Petition Date and the Effective Date, plus \$25,000 to be paid by the New Equity Holder over a period of 60 months from the Effective Date at the rate of \$5,000 per year.

42. *"New Equity Holder"* means Jennell E. Nelson.

43. *"New Membership Interests"* means 100% of the membership interests in the Reorganized Debtor.

44. *"Other Priority Claim"* means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than: (a) an Administrative Claim; or (b) a Priority Tax Claim.

45. *"Person"* means a person as defined in section 101(41) of the Bankruptcy Code.

46. *"Petition Date"* means May 5, 2017 the date on which the Debtor filed its petition for relief commencing the Chapter 11 Case.

47. *"Plan"* means this *Nelson Dermatology, PLLC's Plan of Reorganization of Under Chapter 11 of the Bankruptcy Code, dated October 31, 2017*, as the same may be amended, supplemented or modified from time to time.

48. *"Plan Supplement"* means the documents effectuating the provisions of the Plan, which documents shall be filed with the Bankruptcy Court not later than twenty-one (21) days prior to the Confirmation Hearing.

49. *"Priority Tax Claim"* means any Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

50. *"Pro Rata"* means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.

51. *"Professional"* means an Entity: (a) retained pursuant to a Final Order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Effective Date, pursuant to sections 327, 328, 329, 330, 363 and 331 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

52. *"Professional Claim"* means a Claim for Professional Compensation.

53. *"Professional Compensation"* means, at any given moment, all accrued, contingent and/or unpaid fees and expenses for legal, financial advisory, accounting and other services and reimbursement of expenses that are awardable and allowable under sections 328, 330(a) or 331 of the Bankruptcy Code before the Effective Date by any retained Professional in the Chapter 11 Case, or that are awardable and allowable under section 503 of the Bankruptcy Code, that the Bankruptcy Court has not denied by a Final Order, to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been filed for any such amount).

54. *"Rejection Claim Bar Date"* means the deadline for filing claims for rejection damages set forth in Article V of the Plan.

55. *"Reorganized Debtor"* means Nelson Dermatology, PLLC, as reorganized under and pursuant to the Plan on and after the Effective Date.

56. *"Unsecured Claim"* means a Claim that is not secured by a Lien on property in which the Debtor estate has an interest.

B. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the Commonwealth of Virginia, without giving effect to conflicts of law provisions, shall govern the rights, obligations, construction and implementation of this Plan, any agreement, documents, instruments or contracts executed or entered into in connection with this Plan (except as otherwise set forth in those agreements, in which case, the governing law of such agreement shall control).

C. References to the Debtor or the Reorganized Debtor

Except as otherwise specifically provided in this Plan to the contrary, references in this Plan to the Debtor or the Reorganized Debtor shall mean the Debtor, and the Reorganized Debtor, as applicable, to the extent the context requires.

D. Exhibits and Schedules

All exhibits and schedules in the Plan Supplement are incorporated into and are a part of this Plan as if set forth in full herein.

**ARTICLE II
ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS**

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Claims, Priority Tax Claims, and Other Priority Claims have not been classified and therefore are excluded from the Classes of Claims and Interests set forth in Article III.

A. Administrative Claims

1. General Administrative Claims

Except with respect to Professional Claims and except to the extent that a Holder of an Allowed Administrative Claim and the Debtor agree to less favorable treatment to such Holder, each Holder of an Allowed Administrative Claim against the Debtor shall be paid in full from Available Cash on the last to occur of: (i) the Effective Date; (ii) the date that such Administrative Claim is Allowed; and (iii) the date such Allowed Administrative Claim becomes due and payable; provided however that Allowed Administrative Claims that arise in the ordinary course of the Debtor's business ("*Excluded Allowed Administrative Expenses*") shall be paid in full in the ordinary course of business in accordance with their terms and conditions, subject to Available Cash. All requests for payment of an Administrative Claim that accrued on or before the Effective Date, other than Professional Claims and Excluded Allowed Administrative Expenses, must be filed with the Bankruptcy Court and served on counsel for the Debtor by the Administrative Claim Bar Date. Except as to Excluded Allowed Administrative Expenses and Professional Claims, any requests for payment of Administrative Claims that are not properly filed and served by the Administrative Claim Bar Date shall be disallowed automatically without the need for any objection from the Debtor or the Reorganized Debtor or any action by the Bankruptcy Court. The Reorganized Debtor, in its sole and absolute discretion, may settle Administrative Claims against the Estate in the ordinary course of business without further Bankruptcy Court approval. The Debtor and the Reorganized Debtor shall have the right to object to any Administrative Claim within sixty (60) days after the Effective Date, subject to extensions from time to time by the Bankruptcy Court. Unless the Debtor or the Reorganized Debtor object to a timely-filed and properly served Administrative Claim, such Administrative Claim will be deemed allowed in the amount requested.

2. Professional Claims

Holders of Professional Claims against the Debtor for services rendered before the Effective Date must file and serve on the Debtor and other Persons designated to receive service by the Bankruptcy Rules or order of the Bankruptcy Court, an application for final allowance of

such Professional Claim no later than thirty (30) days after the Effective Date. Allowed Professional Claims will be paid in full in Cash on the earlier of the Effective Date or of allowance of such Claims, or pursuant to such other less favorable terms as the parties may agree.

B. Priority Tax Claims Paid Monthly

Holders of Priority Tax Claims against the Debtor will receive the following treatment. Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment or has been paid prior to the Effective Date, each Holder of an Allowed Priority Tax Claim shall, at the option of the Reorganized Debtor, receive on account of such Allowed Priority Tax Claim, subject to Available Cash and after satisfaction of Allowed Administrative Claims, either: (i) on the Effective Date, Cash in an amount equal to the Allowed Priority Tax Claim; (ii) deferred Cash payments from Available Cash of a total value, as of the Effective Date equal to the Allowed Priority Tax Claim, payable monthly over a period of time not to exceed five (5) years from the Petition Date with interest at an annual percentage rate of four percent (4%), or sooner at the option of the Reorganized Debtor; or (iii) such other treatment as may be agreed upon by the Holder and the Debtor, or the Reorganized Debtor or otherwise determined by order of the Bankruptcy Court.

C. US Trustee Fees

The Reorganized Debtor shall pay in full in Cash any fees due and owing to the US Trustee on or before the date of the Confirmation Hearing. On and after the Effective Date, the Reorganized Debtor shall pay the applicable US Trustee fees as they become due until the Chapter 11 case is converted, dismissed, or closed.

**ARTICLE III
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of the Classes of Claims against and Equity Interests in the Debtor.

A. Classification of Claims

1. Class 1. This Class consists of Allowed General Unsecured Claims. This Class is impaired and is entitled to vote on the Plan.

2. Class 2. This Class consists of the Equity Interests of Jennell E. Nelson in Nelson Dermatology, PLLC. This Class is impaired and is entitled to vote on the Plan.

B. Summary of Status and Voting Rights

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an impaired Class of Claims has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of Allowed Claims in such Class actually voting have voted to accept the Plan.

C. Treatment of Claims and Interests

1. Class 1 Allowed General Unsecured Claims. Class 1 Creditors will receive distributions of Available Cash aggregating up to 25% of their Allowed Claims, without interest, after satisfaction of Allowed Administrative Claims, Priority Tax Claims, and Other Priority Claims. Subject to Available Cash, Class 1 Creditors will receive quarterly distributions commencing no sooner than ninety (90) days after the Effective Date, and continuing thereafter until the earlier of the 5th anniversary of the Effective Date or the Creditors have received a 25% dividend, without interest, on account of their Allowed Claims.

2. Class 2 Equity Interests in Nelson Dermatology, PLLC. The Equity Interests in the Debtor shall be cancelled on the Effective Date.

D. Less Favorable Treatment Upon Agreement of Holder of Claim or Interest

The Debtor or Reorganized Debtor, as applicable, may agree with the Holders of any Claims or Interests in any Class, or any Administrative Claims, Professional Claims, Priority Tax Claims, and Other Priority Claims, to provide less favorable treatment than that provided in the Plan without further order from the Bankruptcy Court.

**ARTICLE IV
MEANS FOR IMPLEMENTATION OF THE PLAN**

A. Sources of Cash for Plan Distributions

The Cash necessary for the Reorganized Debtor to make distributions to its Creditors pursuant to the Plan shall be obtained from the Net Cash Flow of the Reorganized Debtor.

B. Issuance of New Membership Interests in the Reorganized Debtor

On the Effective Date, the New Membership Interests shall be issued to the New Equity Holder in exchange for the New Value. The issuance of the New Membership Interests is authorized without the need for any further company action or without any further action by a Holder of Claims or Interests.

All of the New Membership Interests issued pursuant to the Plan shall be duly authorized, validly issued, fully paid and non-assessable.

The charter of the Reorganized Debtor, or other applicable document (including the certificate of New Membership Interests), shall contain a provision prohibiting the issuance of nonvoting equity securities, and providing, as to the several classes of securities possessing voting power, an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends.

C. Exemption under Section 1145

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance and distribution of any New Membership Interests contemplated by the Plan and all agreements incorporated herein shall be exempt from, among other things, the registration requirements of section 5 of

the Securities Act and any other applicable law requiring registration before the offering, issuance, distribution or sale of securities.

D. Vesting of Assets in the Reorganized Debtor

Except as otherwise provided in the Plan or any agreement, instrument or other document incorporated therein, on the Effective Date, all property of the Estate, all Causes of Action and any property acquired by the Debtor pursuant to the Plan shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtor may operate its business and may use, acquire or dispose of its property and compromise or settle its Claims, Interests or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules; provided, however, the Bankruptcy Court shall retain jurisdiction as set forth herein.

E. Documentation; Further Transactions

On and after the Effective Date, the Reorganized Debtor and the officers, directors and or similar governing bodies thereof, are authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtor, without the need for any approvals, authorization or consents except for those expressly required pursuant to the Plan.

F. Exemption From Certain Taxes and Fees

To the maximum extent permitted by section 1146(a) of the Bankruptcy Code, any transfer from the Debtor or the Reorganized Debtor to any Entity pursuant to, in contemplation of or in connection with the Plan or pursuant to: (1) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtor or the Reorganized Debtor; (2) the creation, modification, consolidation or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means; (3) the making, assignment or recording of any lease or sublease; or (4) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including an deeds, bills of sale, assignments or other instruments of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

G. Employee Benefits

On and after the Effective Date, the Reorganized Debtor may (1) honor, in the ordinary course of business, any contracts, agreements, policies, programs and plans for, among other things, compensation, health care benefits, disability benefits, deferred compensation benefits, travel benefits, savings, severance benefits, retirement benefits,

welfare benefits, workers' compensation benefits and accidental death and dismemberment insurance for its directors, officers and employees who served in such capacity at any time, and (2) honor in the ordinary course of business, Claims of employees employed as of the Effective Date for accrued vacation time and deferred compensation arising prior to the Petition Date. Nothing herein shall be construed to revive or restore any benefit under any policy, program or plan that expired prior to the Effective Date. Nothing in the Plan shall limit, diminish or otherwise alter the Debtor's and the Reorganized Debtor's defenses, claims, Causes of Action or other rights with respect to any contracts, agreements, policies, programs and plans. Notwithstanding the foregoing, pursuant to Section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits, if any, shall continue to be paid in accordance with applicable law.

H. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released under the Plan, and the Reorganized Debtor shall have, retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtor, whether arising before or after the Petition Date, the Reorganized Debtor's right to commence, prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtor may pursue its Causes of Action as it deems appropriate in accordance with the best interests of the Reorganized Debtor. No one may rely on the absence of a specific reference in the Plan, the Plan Supplement or the Disclosure Statement to any Cause of Action against them as any indication that the Debtor, the Reorganized Debtor, will not pursue any and all available Causes of Action against them. Unless any Causes of Action against any Entity are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Bankruptcy Court order, the Debtor and the Reorganized Debtor reserve all rights to prosecute any and all Causes of Action against any Entity, and expressly reserve all Causes of Action, for later adjudication. Therefore, no preclusion doctrine, including but not limited to the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon, after or as a consequence of Confirmation or consummation of the Plan.

**ARTICLE V
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. Assumption of Executory Contracts and Unexpired Leases

The Debtor will assume those Executory Contracts and Unexpired Leases that are listed on Debtor's Schedule of Assumed Executory Contracts attached as an exhibit to the Plan Supplement. As of the Effective Date, the Debtor shall be deemed to have rejected each Executory Contract and Unexpired Lease to which it is a party unless such contract or lease (1) was previously assumed or rejected by the Debtor pursuant to an Order of the Bankruptcy Court; (2) previously expired or terminated pursuant to its own terms; (3) is the subject of a motion to assume that was pending on the Effective Date; or (4) is listed on the Debtor's Schedule of Assumed Executory Contracts attached as an exhibit to the Plan Supplement, as the same may be amended from time to time as provided herein.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumptions, assignments and rejections pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Notwithstanding the foregoing, the Debtor shall

have the right to amend the Debtor's Schedule of Assumed Executory Contracts, attached as an exhibit to the Plan Supplement, at any time prior to the Effective Date.

B. Payments Related to Assumption of Executory Contracts and Unexpired Leases

Any Cure Claim related to an Executory Contract or Unexpired Lease to be assumed pursuant to this Plan shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the cure amount upon such terms as the parties to such Executory Contracts or Unexpired Leases shall agree, or if no agreement is reached upon such terms as are approved by the Bankruptcy Court. The Debtor or the Reorganized Debtor shall file and serve a Plan Supplement with the Bankruptcy Court listing the cure amounts for all Cure Claims. The parties to such Executory Contracts and Unexpired Leases must object to such cure amounts by the deadline to object to Confirmation of the Plan.

C. Rejection Damages Claims

Absent an Order of the Bankruptcy Court specifying a different date by which a party to a rejected Executory Contract or Unexpired Lease must file a Claim for rejection damages (in which case, the date set forth in such Order shall be the deadline for filing such Claims), all proofs of Claim with respect to Claims arising from the rejection of any Executory Contract or Unexpired Lease must be filed with the Bankruptcy Court and served upon counsel for the Reorganized Debtor within thirty (30) days after the Effective Date ("*Rejection Claim Bar Date*"). Any Claim arising from the rejection of any Executory Contract or Unexpired Lease that becomes an Allowed Claim is classified and shall be treated as a Class A2 General Unsecured Claim. Any Claim arising from the rejection of an Executory Contract or Unexpired Lease that is not filed within the time required by this section will be forever barred from assertion against the Debtor, the Reorganized Debtor, the Estates or property of the Debtor, the Reorganized Debtor or the Estates.

D. Modifications

Unless otherwise provided in this Plan, each Executory Contract and Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements or other agreements that in any manner affect such Executory Contract or Unexpired Lease.

E. Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease on the Debtor's Schedule of Assumed Executory Contracts attached as an exhibit to the Plan Supplement nor anything contained in this Plan, shall constitute an admission by the Debtor that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any the Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor or the Reorganized Debtor, as applicable, shall have sixty (60) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

ARTICLE VI PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing of Distributions

Subject to Available Cash, monthly distributions of Allowed Priority Tax Claims shall commence on the fifteen (15th) day of the first full month after the Effective Date and continue every month thereafter until paid as provided in Article II of the Plan. Subject to Available Cash, quarterly distributions of Allowed General Unsecured Claims shall commence on the fifteen (15th) day of the first full month that is ninety (90) days after the Effective Date and continue every quarter of a year thereafter until paid as provided in Article III of the Plan. Distributions on account of Professional Claims shall be made as soon as reasonably practicable after their Allowance, or as agreed by the Holder of the Professional Claim and the Debtor or Reorganized Debtor. Notwithstanding anything herein to the contrary, the Reorganized Debtor may alter the timing of the distributions to make the distributions within thirty (30) days of when the distribution should have been made.

B. Post-petition Interest

Unless expressly provided in the Plan or the Confirmation Order, post-petition interest shall not accrue or be paid on account of any Claim.

C. Record Date for Distributions

On the Effective Date, the Reorganized Debtor shall be authorized to recognize and deal only with those Holders of Claims listed on the Debtor's books and records, as of the close of business on the Effective Date. Accordingly, the Reorganized Debtor will have no obligation to recognize the transfer of, sale of or any participation in any Allowed Claim that occurs after the Effective Date, and will be entitled for all purposes herein to recognize and make distributions only to those Holders of Allowed Claims who are Holders of such Claims as of the close of business on the Effective Date.

D. Delivery of Distributions

1. General

Except as otherwise provided herein, distributions to Holders of Allowed Claims shall be made at the address for each such Holder as indicated in the Debtor's records as of the date of any such distribution, which address shall be the address on the proof of claim of the Holder, unless the Holder subsequently provided a different address to the Debtor or the Reorganized Debtor, as applicable, in writing.

2. De Minimis Distributions

If Available Cash for a month or quarter, as applicable, is less than one-thousand dollars (\$1,000), then the Reorganized Debtor may hold such Available Cash and apply it to the next applicable distribution. If a distribution to a Creditor is less than ten dollars (\$10), then the Reorganized Debtor may hold such distribution and apply it to the next applicable distribution.

3. Undeliverable Distributions and Unclaimed Property

a. Undeliverable Distributions

In the event that any distribution to any Holder of a Claim or Interest is returned as undeliverable, no distribution to such Holder shall be made unless and until the Reorganized Debtor has been apprised of the then current address of such Holder, at which time such distribution shall be made to such Holder, without interest; provided however, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months from the applicable Distribution Date. Nothing herein shall require the Reorganized Debtor to attempt to locate any Holder of an Allowed Claim.

b. Unclaimed Distributions

Checks issued by the Reorganized Debtor on account of Allowed Claims shall be null and void if not negotiated within one hundred eighty (180) days after the issuance of such check. Requests for reissuance of any check shall be made directly to the payor by the Holder of the relevant Allowed Claim with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an un-negotiated check that does not request reissuance of such un-negotiated check from the payor within one hundred eighty (180) days after the issuance of such check shall have its Claim discharged and be discharged and forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtor or its property. In such cases, Cash held for payment on account of such Claims shall be property of the Reorganized Debtor, free of any Claims or Interests of such Holder.

E. Compliance with Tax Requirements/Allocations

In connection with this Plan, to the extent applicable, the Reorganized Debtor shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision of this Plan to the contrary, the Reorganized Debtor shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including (i) liquidating a portion of the distributions to be made under this Plan to generate sufficient funds to pay applicable withholding taxes, (ii) withholding distributions pending receipt of information necessary to facilitate such distributions or (iii) establishing any other mechanisms or protocols they believe are reasonable and appropriate. The Reorganized Debtor reserves the right to allocate distributions made under this Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens and encumbrances.

F. Allocation of Plan Distributions Between Principal and Interest

Except as otherwise provided herein, distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest (where applicable).

G. Claims Paid or Payable by Third Parties

1. Claims Paid

Allowed Claims shall be reduced, and Disallowed without a Claim objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment on account of such Claim from a party that is not the Reorganized Debtor. To the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not the Reorganized Debtor on account of such Claim, such Holder shall, within two (2) weeks of receipt thereof, repay or return the distribution to the Reorganized Debtor to the extent that the Holder's total recovery on account of such Claim from the third party and under this Plan exceeds the Allowed amount of such Claim as of the date of any distribution under this Plan.

2. Insured Claims

All pre-Effective Date Claims that are covered by one or more insurance policies of the Debtor or the Reorganized Debtor ("*Insured Claims*"), and that have not previously been Allowed by Final Order of the Bankruptcy Court are Disputed Claims. Any Insured Claim determined and liquidated shall be deemed a Claim against the Debtor in such liquidated amount and satisfied in accordance with the Plan, provided however, that such Claim shall be paid exclusively from the insurance proceeds available to satisfy such liquidated amount.

3. Applicability of Insurance Policies

Except as otherwise provided in this Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in this Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtor or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

H. *Surrender of Instruments*

As a condition to receiving any distribution under the Plan, each Holder of an instrument or note shall be deemed to have surrendered the certificates or other documentation underlying each such Claim or Equity Interest, and all surrendered certificates and other documents shall be deemed to be canceled pursuant to this Plan, except to the extent otherwise provided herein.

**ARTICLE VII
PROCEDURES FOR RESOLVING CONTINGENT,
UNLIQUIDATED AND DISPUTED CLAIMS**

A. *Objection to Claims; Settlement*

The Reorganized Debtor shall have the exclusive authority to file, settle, compromise, withdraw or litigate to judgment any objections to Claims as permitted under this Plan. From and after the Effective Date, the Reorganized Debtor may settle or compromise any Disputed Claim without the approval of the Bankruptcy Court. The Debtor and the Reorganized Debtor also reserve the right to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law. Any objections to Claims shall be filed on or before sixty (60) days after the Effective Date ("*Claims Objection Deadline*"),

unless such day is not a Business Day, in which case such deadline shall be the next Business Day thereafter. The Claims Objection Deadline may be extended from time to time by order of the Bankruptcy Court.

B. Estimation of Claims and Equity Interests

The Debtor and the Reorganized Debtor may at any time request that the Bankruptcy Court estimate any contingent, unliquidated or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether there has been a previous objection to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim including without limitation, during the pendency of an appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Claim, the amount so estimated shall constitute the maximum limitation on such Claim for all purposes, as determined by the Bankruptcy Court, and the Debtor and the Reorganized Debtor may pursue supplementary proceedings to object to the allowance of such Claim, provided however, that such limitation shall not apply to Claims that are estimated solely for voting purposes. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or otherwise resolved by any mechanism approved by this Plan or by the Bankruptcy Court.

C. No Recourse

No Holder of any Disputed Claim that becomes an Allowed Claim in any applicable Class shall have recourse against the Debtor and the Reorganized Debtor or any other Holder of an Allowed Claim or any of their respective professional consultants, advisors, officers, directors or members or their successors or assigns, or any of their respective property, if the Cash or other property allocated to such Class and not previously distributed are insufficient to provide a distribution to such Holder in the same proportion to that received by other Holders of Allowed Claims in such Class. However, nothing in the Plan shall modify any right of a Holder of a Claim under section 502(j) of the Bankruptcy Code.

D. No Distribution Pending Allowance

Notwithstanding any provision to the contrary in this Plan and except as otherwise agreed to by the relevant parties: (a) no partial payments and no partial distributions shall be made with respect to any Disputed Claims until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order; (b) any Entity that holds both an Allowed Claim and a Disputed Claim shall not receive any distribution on the Allowed Claim unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order and the Disputed Claims have been Allowed or eliminated; and (c) pursuant to Bankruptcy Code section 502(d), the Claims of a Creditor or transferee of property who may be obligated to an Estate shall be disallowed, and such Creditor or transferee shall receive no distribution under the Plan, until such Creditor or transferee pays all amounts owed to the Estate.

E. No Amendments to Claims

On or after the Confirmation Date, the Holder of a Claim (other than an Administrative Claim or a Professional Claim) must obtain prior authorization from the Bankruptcy Court or

the Debtor to file or amend a Claim. Any new or amended Claim (other than a Rejection Claim filed by the Rejection Claim Bar Date) filed after the Confirmation Date without such authorization will not appear on the register of claims in the Chapter 11 Case and will be deemed Disallowed in full and expunged without any action required of the Debtor or the Reorganized Debtor and without the need for any court order.

ARTICLE VIII EFFECTIVE DATE

A. Effective Date

The Plan shall become effective on the first Business Day after the date on which the Confirmation Order becomes a Final Order.

B. Nonoccurrence of Effective Date

If the Effective Date of this Plan does not occur, this Plan shall be null and void in all respects and nothing contained in this Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or against or Interests in the Debtor; (2) prejudice in any manner the rights of the Debtor, any Holders or any other Entity; or (3) constitute an admission, acknowledgement, offer or undertaking by the Debtor, any Holders or any other Entity in any respect.

ARTICLE IX EFFECTS OF CONFIRMATION

A. Vesting of Assets

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtor's bankruptcy estate and any property acquired by a Debtor or the Reorganized Debtor under the Plan shall vest in the Reorganized Debtor, free and clear of all Claims, liens, encumbrances, charges and other interests, except as provided herein. On and after the Effective Date, the Reorganized Debtor may operate its business, conduct its affairs and use, acquire or dispose of property and compromise or settle any Claims without the supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtor may pay the charges that they incur on and after the Effective Date for professionals' fees, disbursements, expenses or related support services without application to, or approval of, the Bankruptcy Court.

B. Discharge of Claims and Cancellation of Equity Interests; Injunction

On the Effective Date of this Plan, the Debtor will be discharged from any and all pre-Effective Date debts and Claims, of any kind, nature, or description whatsoever against or in the Debtor or any of its assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code, except that the Debtor will not be discharged of any debt or Claim: (i) imposed by this Plan; (ii) of a kind specified in section 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Bankruptcy Rules; or (iii) of a kind specified in section 1141(d)(6)(B).

Except as provided in any other provision of the Plan, on the Effective Date, all existing Equity Interests in the Debtor shall be deemed to be terminated.

The satisfaction, releases, and discharge pursuant to Article X of this Plan shall also act as an injunction against any Holder of a Claim or an Interest commencing or continuing any action, employment of process, or act to collect, offset, or recover any Claim or Cause of Action satisfied, released, or discharged under this Plan to the fullest extent authorized or provided by the Bankruptcy Code, including, without limitation, to the extent provided for or authorized by sections 524 and 1141 thereof. Except as provided in this Plan or as expressly approved by the Reorganized Debtor, each Holder of a Claim or an Interest shall be precluded and enjoined from asserting against the Reorganized Debtor or the Reorganized Debtor's assets, any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

C. Binding Effect

On and after the Confirmation Date, and subject to the Effective Date, the provisions of the Plan shall bind any Holder of a Claim against, or Equity Interest in, the Debtor and its respective heirs, executors, affiliates, officers, directors, managers, agents, representatives, attorneys, beneficiaries, guardians, successors and assigns, whether or not the Claim or Equity Interest of such Holder is impaired under the Plan and whether or not such Holder has accepted the Plan.

D. Term of Injunction or Stay

Unless otherwise provided herein, all injunctions or stays arising under section 105 or 362 of the Bankruptcy Code, any order entered during the Chapter 11 Case under section 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date or the date indicated in such order.

E. Injunction Against Interference with Plan

Upon the entry of the Confirmation Order with respect to the Plan, all Holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors or principals, shall be enjoined from taking any action to interfere with the implementation or consummation of the Plan.

F. Release By Holders of Claims and Interests

On and after the Effective Date, each Holder of a Claim or an Interest shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Debtor and the Reorganized Debtor from any and all Claims, Interests, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever, including any derivative Claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person or Entity is entitled to assert based in whole or in part upon any act, omission, transaction, agreement, event or occurrence taking place on or prior to the Effective Date, provided however, that the foregoing release shall not operate to waive or release any claims (1) based upon any post-

Effective Date obligations of any party under the Plan or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan; and (2) with respect to distributions on account of Allowed Claims against the Reorganized Debtor pursuant to the Plan.

G. Exculpation

The Exculpated Parties shall have no liability to any Holder of a Claim or an Interest for any act taken or omission made in connection with, or arising out of, the Chapter 11 Case, the Disclosure Statement, this Plan or the formulation, negotiation, preparation, dissemination, implementation or the administration of this Plan, any instrument or agreement created or entered into in connection with this Plan, any other act taken or omitted to be taken in connection with, or in contemplation of, any of the restructuring or other transactions contemplated by this Plan, and the property to be distributed or otherwise transferred under this Plan; unless such Holder of a Claim or an Interest obtains the prior approval of the Bankruptcy Court to bring such a claim. Nothing in this section or elsewhere in this Plan shall release, discharge or exculpate any non-Debtor party from (a) any claim owed to the United States government or its agencies, including any liability arising under the Internal Revenue Code or criminal laws of the United States, or (b) any Claim of any Holder of a Claim or an Interest except as expressly set forth herein.

**ARTICLE X
RETENTION OF JURISDICTION**

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, or related to the Chapter 11 Case and the Plan for, among other things, the following purposes:

(a) To hear and determine motions for the assumption or rejection of Executory Contracts and Unexpired Leases and the allowance or disallowance of Claims resulting therefrom;

(b) To determine any motion, adversary proceeding, application, contested matter and other litigated matter pending on or commenced after the Confirmation Date;

(c) To ensure that distributions to Holders of Allowed Claims are accomplished as provided herein;

(d) To hear and determine objections to Claims;

(e) To hear and determine Claims, including but not limited to the allowance, classification, priority, compromise, estimation or payment of any Claim, Administrative Expense Claim, Disputed Claim or Equity Interest;

(f) To enter, implement or enforce such orders as may be appropriate in the event that the Confirmation Order is for any reason, stayed, reversed, revoked, modified or vacated;

(g) To issue injunctions, enter and implement any other order, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;

(h) To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement for the Plan or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(i) To hear and determine all applications under sections 330, 331 and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Confirmation Date;

(j) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument or other document governing or relating to any of the foregoing;

(k) To take any action and issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan or to maintain the integrity of the Plan following the Effective Date;

(l) To hear any disputes arising out of, and to enforce, the order approving alternative dispute resolution procedures to resolve personal injury, employment litigation and similar Claims pursuant to section 105(a) of the Bankruptcy Code;

(m) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(n) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including any requests for expedited terminations under section 505(b) of the Bankruptcy Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Petition Date through, and including, the Final Distribution Date);

(o) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and Title 28 of the United States Code;

(p) To recover all assets of the Debtor and property of the Debtor's Estate, wherever located;

(q) To hear and determine Causes of Action, including but not limited to Avoidance Actions; and

- (r) To enter a final decree closing this Chapter 11 case.

ARTICLE XI MISCELLANEOUS PROVISIONS

A. Payment of Statutory Fees

On and after the Effective Date, and thereafter as may be required until entry of a final decree with respect to the Debtor, the Debtor shall pay all fees payable pursuant to section 1930 of Chapter 123 of Title 28 of the United States Code until the Chapter 11 Case is dismissed, converted, or closed.

B. Amendments

1. Plan Modifications. The Plan may be amended, modified or supplemented by the Debtor or the Reorganized Debtor in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code. In addition, after the Confirmation Date, so long as such action does not materially adversely affect the treatment of Holders of Claims or Equity Interests under the Plan, the Debtor may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

2. Other Amendments. Prior to the Effective Date, the Debtor may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims or Equity Interests.

C. Revocation or Withdrawal of the Plan

The Debtor reserves the right to revoke or withdraw the Plan prior to the Effective Date. If the Debtor take such action, the Plan shall be deemed null and void.

D. Severability

If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms of the Plan will remain in full force and effect and in no way will be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

E. Request for Expedited Determination of Taxes.

The Debtor shall have the right to request an expedited determination under section 505(b) of the Bankruptcy Code with respect to tax returns filed or to be filed for any and all taxable periods ending after the Petition Date through the Effective Date.

F. Notices

To be effective, all notices, requests and demands to or upon the Debtor, shall be in writing and unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered, or in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Nelson Dermatology, PLLC
Attn: Dr. Jennell E. Nelson
7960 Donegan Drive #217
Manassas, VA 20109

-and-

Lauren Friend McKelvey
Attorney for Nelson Dermatology, PLLC
ODIN, FELDMAN & PITTLEMAN, P.C.
1775 Wiehle Ave., Suite 400
Reston, Virginia 20190
(703) 218-2135 (direct line)
(703) 218-2160 (fax)
Email: lauren.mckelvey@ofplaw.com

Dated: October 31, 2017

/s/ Dr. Jennell E. Nelson

Dr. Jennell E. Nelson

Managing Member, Nelson Dermatology, PLLC

/s/ Lauren Friend McKelvey

LAUREN FRIEND MCKELVEY (VSB No. 78813)

ALEXANDER M. LAUGHLIN (VSB No. 25237)

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1775 Wiehle Avenue, Suite 400

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Tel: 703-218-2135 (Ms. McKelvey)

Tel: 703-218-2134 (Mr. Laughlin)

Fax: 703-218-2160

Email: Lauren.McKelvey@ofplaw.com

Email: Alex.Laughlin@ofplaw.com

Counsel for Debtor and Debtor-in-Possession

#3608118v2 081318/000007

Exhibit B - Identity and Estimated Fair Market Value of Assets of Debtor

Debtor's Summary of Assets	
Asset Description	Estimated Fair Market Value
Cash on Hand / Bank Account Balance	\$2,500.00
Sudley North, LLC Security Deposit for Rent	\$6,159.00
Accounts Receivable Total	\$85,000.00
Skincare Line - Inventory	\$3,000.00
Medical Supplies - Inventory	\$3,600.00
Office Furniture	\$2,065.00
Medical Equipment	\$1,801.00
Office Fixtures	\$209.00
Internet Domain Name & Website	\$100.00
Patient/Customer List	\$30,000.00
Professional Goodwill - Dr. Jennell Nelson	\$130,000.00
Practice Goodwill - Nelson Dermatology	\$20,000.00
Lawsuits	\$2,500.00
Total:	\$286,934.00

EXHIBIT B

Exhibit C - Prepetition Financial Statements (As Previously Filed with the Court)

Insurance A/R Report (By Insurance Company)

Print Date: 05/17/2017
Print User: Santos, Reina E

Facility = NELSON DERMATOLOGY, Post Date on or Before = 05/05/2017

Users = All, Zip Code = All, Agency Collections = Include

Insurance = All, Insurance Class = All

Provider = All, Specialty = All, Referral = All

Insurance	Address	Claims #	0 - 30	31 - 60	61 - 90	91 - 120	121 - 150	151 - 180	181 +	Total	%
AARP	601 E Street NW, Washington,		0.00	0.00	0.00	0.00	0.00	0.00	-92.70	-92.70	-23
AARP Health	P.O. Box 740819, Atlanta, GA		0.00	19.03	0.00	0.00	0.00	0.00	-148.79	-129.76	-33
Aetna	P.O. Box 981104, El Paso, TX	(888)420-3776	0.00	0.00	0.00	0.00	0.00	0.00	328.00	656.00	1.65
Aetna	PO BOX 981106, El Paso, TX		5,400.00	809.00	0.00	0.00	0.00	0.00	-324.00	5,885.00	14.85
Aetna	PO BOX 14079, Lexington, KY		1,529.00	0.00	0.00	0.00	0.00	0.00	0.00	1,529.00	3.86
Amerigroup	P.O. Box 5446, Richmond, VA		0.00	0.00	0.00	0.00	0.00	0.00	-81.21	-81.21	-20
Anthem BCBS	P.O. Box 27401, Richmond, VA		1,517.71	20.44	0.00	0.00	0.00	0.00	-1,840.65	-302.50	-76
Anthem Health Keepers Plus	P.O. Box 1935, Carmel, IN		4,078.00	0.00	0.00	0.00	0.00	0.00	0.00	4,143.00	10.46
Bankers Life and Casualty	P.O. Box 27401, Richmond, VA		0.00	0.00	0.00	0.00	0.00	0.00	-82.16	-82.16	-21
Blue Cross Blue Shield	PO Box 27401, Richmond, VA		1,217.00	0.00	-0.10	-31.83	0.00	0.00	0.00	1,185.07	2.99
Carefirst	P.O. Box 981633, El Paso, TX	(410)650-4740	678.00	352.00	0.00	0.00	0.00	0.00	0.00	1,030.00	2.60
Carefirst Administrators	P.O. Box 981608, El Paso, TX		50.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	.13
Carefirst BCBS	PO Box 10104, Fairfax, VA		285.00	0.00	0.00	0.00	0.00	0.00	-8.22	628.78	1.59
Carefirst Blue choice	PO BOX 14116, Lexington, KY		976.00	0.00	0.00	0.00	0.00	0.00	-130.01	845.99	2.13
CareFirst Blue Choice	P.O. Box 14115, Lexington, KY		0.00	0.00	0.00	0.00	0.00	0.00	0.00	93.23	.24
CHAM/PA	PO Box 804, Owings Mills, MD		4,966.00	0.00	0.00	0.00	0.00	0.00	-257.29	4,508.71	11.63
Cigna	P.O. Box 5200, Scranton, PA		0.00	0.00	0.00	0.00	0.00	0.00	35.00	35.00	.09
Cigna	P.O. Box 182223, Chattanooga,		1,253.00	0.00	0.00	0.00	0.00	0.00	-53.49	-53.49	-13
Cigna	P.O. BOX 188061, Chattanooga,		1,165.00	0.00	0.00	0.00	0.00	0.00	-87.96	1,165.04	2.94
Cigna	Po Box 188004, Chattanooga,		217.19	0.00	0.00	0.00	0.00	0.00	0.00	1,165.00	2.94
Compass Rose Health Plan	P.O. Box 6430, Annapolis, MD		0.00	0.00	0.00	0.00	0.00	0.00	-227.60	-10.41	-0.03
ConeSource	P.O. BOX 2920, Clinton, IA		0.00	0.00	0.00	0.00	0.00	0.00	-81.68	-81.68	-21
DMAS	P.O. Box 27444, Richmond, VA		0.00	0.00	0.00	0.00	0.00	0.00	-119.61	-119.61	-30
DMAS	PO BOX 27444, Richmond, VA		38.32	0.00	0.00	0.00	0.00	0.00	-148.97	-148.97	-38
GEHA	P.O. Box 30783, Salt Lake City,		387.00	25.00	0.00	0.00	0.00	0.00	-233.66	-195.34	-49
GEHA	P.O. BOX 4865, Independence,		0.00	0.00	0.00	0.00	0.00	0.00	0.00	412.00	1.04
Humana	P.O. Box 14601, Lexington, KS		266.00	0.00	0.00	0.00	0.00	0.00	-82.16	-82.16	-21
Humana Choice	P.O. Box 14601, Lexington, KY		704.00	0.00	116.00	0.00	0.00	0.00	0.73	378.73	.96
IHC Health Solutions	P.O. Box 21466, Saint Paul, MN	(866)513-1479	0.00	1,515.00	0.00	105.00	0.00	0.00	0.00	2,324.00	5.87
Innovation Health Insurance	P.O. Box 981106, El Paso, TX		766.00	160.00	0.00	0.00	0.00	0.00	0.00	160.00	.40
INTOTAL HEALTH	P.O. BOX 61010, Virginia Beach,	(800)600-4441	0.00	22.05	0.00	0.00	0.00	0.00	0.00	808.05	2.04
Meridian Health	Po Box 863921, Richardson, TX		144.00	0.00	0.00	0.00	0.00	0.00	-192.38	-192.38	-49
Palmetto GBA	Mail Code AG606, Columbia, SC		6,467.65	518.44	160.00	0.00	0.00	0.00	0.00	144.00	.36
									-1,197.83	6,048.26	15.26

EXHIBIT

5/19/2017

Insurance A/R Report (By Insurance Company)

Print Date: 05/17/2017
Print User: Santos, Reina Elizabeth

Facility = NELSON DERMATOLOGY, Post Date on or Before = 05/05/2017
Users = All, Zip Code = All, Agency Collections = Include
Insurance = All, Insurance Class = All
Provider = All, Specialty = All, Referral = All

Insurance	Address	Claims #	0 - 30	31 - 60	61 - 90	91 - 120	121 - 150	151 - 180	181 +	Total	%
Selman & Company	P.O. BOX 2610, Rockville, MD		36.27	0.00	0.00	0.00	0.00	0.00	0.00	36.27	.09
TrailBlazer DO NOT USE	P.O. Box 650208, Dallas, TX		0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	.00
TRICARE	P.O. Box 870140, Surfside		1,521.00	-20.00	0.00	0.00	-93.57	0.00	-1,192.97	214.46	.54
Tricare for Life	P.O. Box 7890, Madison, WI		0.00	223.02	0.00	36.48	0.00	0.00	0.00	259.50	.65
Tricare/ChampionVA Supplement	P.O. Box 2510, Rockville, MD		0.00	0.00	0.00	0.00	0.00	0.00	17.34	17.34	.04
UMR	PO BOX 30541, Salt Lake City, UT		50.00	0.00	0.00	0.00	0.00	0.00	-88.72	-36.72	-.10
United Health Care	P.O. Box 8095, WAUSAU, WI		280.00	0.00	0.00	0.00	0.00	0.00	0.00	280.00	.71
United Health Care	P.O. BOX 30995, Salt Lake City, UT		250.00	0.00	0.00	0.00	0.00	0.00	0.00	250.00	.63
United Health Care	P.O. Box 740800, Atlanta, GA		3,170.00	1,068.04	0.00	0.00	0.00	0.00	0.29	4,238.33	10.70
United Health Care	P.O. Box 740802, Atlanta, GA		0.00	0.00	0.00	0.00	0.00	0.00	-154.23	-154.23	-.39
United Health Care	PO BOX 740809, Atlanta, GA		0.00	0.00	0.00	0.00	0.00	0.00	-465.09	-465.09	-1.17
United Health Care	P.O. Box 30884, Salt Lake City, UT		0.00	0.00	0.00	0.00	0.00	0.00	-61.60	-61.60	-.15
United Health Care	P.O. Box 740825, Atlanta, GA		0.00	85.61	298.00	1,694.79	0.00	0.00	-89.69	1,988.71	5.02
United Health Care	PO Box 30557, Salt Lake City, UT		0.00	0.00	0.00	0.00	0.00	0.00	-34.02	-34.02	-.09
United Health Care	P.O. Box 31362, Salt Lake City, UT		0.00	0.00	0.00	0.00	0.00	0.00	-351.12	-351.12	-.89
United Healthcare	P.O. Box 30783, Salt Lake City, UT	(800)821-6136	306.70	0.00	0.00	0.00	0.00	0.00	0.00	306.70	.77
United Healthcare	PO BOX 740825, Atlanta, GA		0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.36	.00
United Healthcare	P.O. Box 740800, Atlanta, GA		721.00	0.00	0.00	0.00	0.00	0.00	0.00	721.00	1.82
Va Financial Service	P.O. Box 149344, Austin, TX		0.00	0.00	0.00	0.00	0.00	0.00	-259.63	-259.63	-.66
Veterans Choice Program -	P.O. Box 2748, Virginia Beach, VA		415.00	289.00	0.00	65.00	0.00	0.00	164.00	953.00	2.41
Total			38,777.20	5,086.63	567.90	1,962.67	71.43	680.00	-7,522.03	39,623.80	100%

NELSON DERMATOLOGY
7960 Donegan Dr. Suite 217
Manassas, VA 20109-6236

Accounts Receivable

(Patient)

Print Date: 06/19/2017
Print User: Santos, Reina Elizabeth

Facility = NELSON DERMATOLOGY, Invoice Date: On or Before = 05/05/2017, Detail Level = Summary Only
Insurance = All, Fee Type = Billed Fee, Case Type = All, Specialty = Dermatology, Code Range: All, All Zip Codes, Account Name Like =
Financial Group = All, Provider = All, Account Status = All, Only Invoices With Cases = N, Agency Collections = Include

Account No	Name	0 - 30	31 - 60	61 - 90	91 - 120	121 - 150	151 - 180	181 +	Total
Summary									
	Charges	76,503.00	35,093.00	6,693.00	17,451.00	11,831.34	16,886.00	581,070.61	745,497.95
	Payments	11,424.02	10,076.82	3,010.65	6,465.95	5,582.03	8,816.64	334,634.12	360,009.23
	Adjustments	9,340.61	14,100.93	2,182.51	5,998.85	3,578.51	5,896.06	251,205.80	292,303.07
	Total	55,738.37	10,916.25	1,469.84	4,986.20	2,670.80	2,173.30	-4,788.11	73,185.65
	Patient	28,998.06	6,730.31	1,199.94	3,121.49	2,599.37	1,493.30	2,712.69	46,855.16
	Insurance	26,740.31	4,185.94	269.90	1,864.71	71.43	680.00	-7,481.80	26,330.49

Federal Basis

Nelson Dermatology PLLC

05/18/17

01:10PM

Depreciation Schedule by G/L Account Number
For the 12 Months Ended 12/31/16

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/16	Current Depreciation	Accum Depr 12/31/16
100 Office Equipment									
22	2 Dell Computers/Monitors - Vostr	01/01/12	200% DB	05/00	N	993.31	821.67	114.43	936.10
25	Dell Color Printer	01/01/12	200% DB	05/00	N	356.99	295.30	41.13	336.43
24	Brother Mobile Scanner	06/08/12	200% DB	05/00	N	240.73	199.13	27.73	226.86
26	4 Dell Computers/Monitors - OptiPI	11/26/12	200% DB	05/00	N	2,035.02	1,683.37	234.43	1,917.80
27	Dual Page Scanner	02/09/13	200% DB	05/00	N	951.28	951.28	0.00	951.28
Total for (Office Equipment)						4,577.33	3,950.75	417.72	4,368.47
200 Medical Equipment									
2	Medical Equipment	01/01/12	200% DB	05/00	Y	3,313.00	2,740.52	190.83	2,931.35
28	BLU-U Light	04/07/14	200% DB	05/00	Y	7,499.51	7,499.51	0.00	7,499.51
Total for (Medical Equipment)						10,812.51	10,240.03	190.83	10,430.86
300 Furniture									
3	Office Furniture	01/01/12	200% DB	05/00	N	1,587.00	1,312.76	182.83	1,495.59
7	Office Furniture	01/01/12	200% DB	05/00	N	394.00	325.92	45.39	371.31
14	Laser Chair	01/01/12	200% DB	05/00	N	565.00	467.37	65.09	532.46
16	Furniture & Fixtures	01/01/12	200% DB	05/00	N	4,124.00	3,411.37	475.09	3,886.46
17	Medical Massage Table	01/01/12	200% DB	05/00	N	689.00	569.94	79.37	649.31
19	Leather Couch	01/01/12	200% DB	05/00	N	2,571.00	2,126.73	296.18	2,422.91
23	Exam Table (Dr. Fitzgerald)	06/01/12	200% DB	05/00	N	300.00	248.16	34.56	282.72
Total for (Furniture)						10,230.00	8,462.25	1,178.51	9,640.76
600 PPT-Only									
29	Medical Equipment	06/29/16	200% DB	05/00	N	0.00	0.00	0.00	0.00
30	BLU-U-Light	06/29/16	200% DB	05/00	N	0.00	0.00	0.00	0.00
Total for (PPT-Only)						0.00	0.00	0.00	0.00
Client Subtotal Before Sales						25,619.84	22,653.03	1,787.06	24,440.09
Less Assets Sold						10,812.51			10,430.86
Total						14,807.33	22,653.03	1,787.06	14,009.23



UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

In re:

NELSON DERMATOLOGY, PLLC

Debtor.

*
*
*
*
*

Case No.
Chapter 11

STATEMENT PURSUANT TO 11 U.S.C. § 1116(1)(B)

The Debtor has appended to its voluntary petition its most recent Federal tax return and profit and loss statements. No other balance sheet, statement of operations, or cash-flow statement has been prepared.

I have examined the information in this statement and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on

5-5-17

NELSON DERMATOLOGY, PLLC

By: 

Dr. Jennell E. Nelson
Its Managing Member

Form 1120S		U.S. Income Tax Return for an S Corporation		OMB No. 1545-0123	
Department of the Treasury Internal Revenue Service		▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. ▶ Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s .			
For calendar year 2015 or tax year beginning , 2015, ending					
A S election effective date 01/01/14	TYPE OR PRINT	Name NELSON DERMATOLOGY PLLC	D Employer identification number [REDACTED]		
B Business activity code number (see instrs) 621111		Number, street, and room or suite no. If a P.O. box, see instructions. 7371 ATLAS WALKWAY NUM 648	E Date incorporated 09/25/09		
C Check if Schedule M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code GAINESVILLE VA 20155	F Total assets (see instructions) \$ 61,317.		
G Is the corporation electing to be an S corporation beginning with this tax year? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If 'Yes,' attach Form 2553 if not already filed					
H Check if: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return (5) <input type="checkbox"/> S election termination or revocation					
I Enter the number of shareholders who were shareholders during any part of the tax year 1					
Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.					
I N C O M E	1 a Gross receipts or sales	1 a	454,521.		
	b Returns and allowances	1 b	1,270.		
	c Balance. Subtract line 1b from line 1a	1 c	453,251.		
	2 Cost of goods sold (attach Form 1125-A)	2			
	3 Gross profit. Subtract line 2 from line 1c	3	453,251.		
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)	4			
D E D U C T I O N S S E E I N S T R U C T I O N S	5 Other income (loss) (see instrs — alt statement)	5			
	6 Total income (loss). Add lines 3 through 5	6	453,251.		
	7 Compensation of officers (see instructions - attach Form 1125-E)	7	24,500.		
	8 Salaries and wages (less employment credits)	8	165,180.		
	9 Repairs and maintenance	9	0.		
	10 Bad debts	10			
	11 Rents	11	35,379.		
	12 Taxes and licenses	12	17,420.		
	13 Interest	13	8,458.		
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	14	1,977.		
	15 Depletion (Do not deduct oil and gas depletion.)	15			
	16 Advertising	16	3,936.		
	17 Pension, profit-sharing, etc, plans	17			
	18 Employee benefit programs	18	12,054.		
	19 Other deductions (attach statement)	19	127,211.		
20 Total deductions. Add lines 7 through 19	20	396,115.			
21 Ordinary business income (loss). Subtract line 20 from line 6	21	57,136.			
T A X A N D P A Y M E N T S	22 a Excess net passive income or LIFO recapture tax (see instructions)	22 a			
	b Tax from Schedule D (Form 1120S)	22 b			
	c Add lines 22a and 22b (see instructions for additional taxes)	22 c			
	23 a 2015 estimated tax payments and 2014 overpayment credited to 2015	23 a			
	b Tax deposited with Form 7004	23 b	C.		
	c Credit for federal tax paid on fuels (attach Form 4136)	23 c			
	d Add lines 23a through 23c	23 d	0.		
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached	24			
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25	0.		
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26			
27 Enter amount from line 26 Credited to 2016 estimated tax	27		Refunded ▶		
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.					
Sign Here	Signature of officer		Date		MEMBER Title
	[Signature]		8-22-2016		[Signature]
Paid Preparer Use Only	Print/Type preparer's name JACQUELINE A WAY		Preparer's signature JACQUELINE WAY		Date 8-22-2016
	Firm's name ▶ BROWN, MOBLEY & WAY P.C.		Firm's EIN ▶ 5053		Check <input type="checkbox"/> if self-employed
	Firm's address ▶ 9161 LIBERIA AVE STE 100 MANASSAS VA 20110-1724		Phone no. (703) 361-9068		PTIN [REDACTED]

Form **7004**

(Rev December 2012)

Department of the Treasury
Internal Revenue Service**Application for Automatic Extension of Time To File Certain
Business Income Tax, Information, and Other Returns**

File a separate application for each return.

Information about Form 7004 and its separate instructions is at www.irs.gov/form7004.

OMB No. 1545-0233

Print
or
Type

Name

Identifying number

NELSON DERMATOLOGY PLLC

Number, street, and room or suite number. (If P.O. box, see instructions.)

7371 ATLAS WALKWAY NUM 648

City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)).

GAINESVILLE

VA 20155

Note. File request for extension by the due date of the return for which the extension is granted. See instructions before completing this form.**Part I Automatic 5-Month Extension**

1 a Enter the form code for the return that this application is for (see below)

Application Is For:	Form Code	Application Is For:	Form Code
Form 1065	09	Form 1041 (estate other than a bankruptcy estate)	04
Form 8804	31	Form 1041 (trust)	05

Part II Automatic 6-Month Extension

b Enter the form code for the return that this application is for (see below)

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	01	Form 1120-ND (section 4951 taxes)	20
Form 706-GS(T)	02	Form 1120-PC	21
Form 1041 (bankruptcy estate only)	03	Form 1120-POL	22
Form 1041-N	06	Form 1120-REIT	23
Form 1041-QFT	07	Form 1120-RIC	24
Form 1042	08	Form 1120-S	25
Form 1065-B	10	Form 1120-SF	26
Form 1066	11	Form 3520-A	27
Form 1120	12	Form 8612	28
Form 1120-C	34	Form 8613	29
Form 1120-F	15	Form 8725	30
Form 1120-FSC	16	Form 8831	32
Form 1120-H	17	Form 8876	33
Form 1120-L	18	Form 8924	35
Form 1120-ND	19	Form 8928	36

2 If the organization is a foreign corporation that does not have an office or place of business in the United States, check here ☐3 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here ☐
If checked, attach a statement, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.**Part III All Filers Must Complete This Part**4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here ☐5 a The application is for calendar year 20 15, or tax year beginning _____, 20____, and ending _____, 20____

b Short tax year. If this tax year is less than 12 months, check the reason:

☐ Change in accounting period☐ Consolidated return to be filed☐ Initial return☐ Final return☐ Other (see instructions — attach explanation)6 Tentative total tax 6 0.7 Total payments and credits (see instructions) 7 0.8 Balance due. Subtract line 7 from line 6 (see instructions) 8 0.

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form 7004 (Rev 12-2012)

Form 1120S (2015) NELSON DERMATOLOGY PLLC

8425

Page 2

Schedule B Other Information (see instructions)

Yes No

1 Check accounting method: a ☒ Cash b ☐ Accrual c ☐ Other (specify) _____

2 See the instructions and enter the:

a Business activity: PHYSICIAN OFFICEb Product or service: DERMATOLOGY

3 At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation

X

4 At the end of the tax year, did the corporation:

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below.

X

(i) Name of Corporation

(ii) Employer Identification Number (if any)

(iii) Country of Incorporation

(iv) Percentage of Stock Owned

(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below

X

(i) Name of Entity

(ii) Employer Identification Number (if any)

(iii) Type of Entity

(iv) Country of Organization

(v) Maximum % Owned in Profit, Loss, or Capital

5a At the end of the tax year, did the corporation have any outstanding shares of restricted stock?

X

If "Yes," complete lines (i) and (ii) below.

(i) Total shares of restricted stock

(ii) Total shares of non-restricted stock

b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments?

X

If "Yes," complete lines (i) and (ii) below.

(i) Total shares of stock outstanding at the end of the tax year

(ii) Total shares of stock outstanding if all instruments were executed

6 Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?

X

7 Check this box if the corporation issued publicly offered debt instruments with original issue discount
If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.

8 If the corporation: (a) 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 the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain 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 instructions) \$

9 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$

10 Does the corporation satisfy both of the following conditions?

a The corporation's total receipts (see instructions) for the tax year were less than \$250,000

b The corporation's total assets at the end of the tax year were less than \$250,000

If "Yes," the corporation is not required to complete Schedules L and M-1.

X

11 During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?

X

If "Yes," enter the amount of principal reduction \$

12 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions

X

13a Did the corporation make any payments in 2015 that would require it to file Form(s) 1099?

X

b If "Yes," did the corporation file or will it file required Forms 1099?

X

Form 1120S (2015)

Form 1120S (2015) NELSON DERMATOLOGY PLLC		8425	Page 3
Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	57,136.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3 a Other gross rental income (loss)	3 a	
	b Expenses from other rental activities (attach statement)	3 b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3 c	
	4 Interest income	4	0.
	5 Dividends: a Ordinary dividends	5 a	
	b Qualified dividends	5 b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
Income (Loss)	8 a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8 a	
	b Collectibles (28%) gain (loss)	8 b	
	c Unrecaptured section 1250 gain (attach statement)	8 c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
10 Other income (loss) (see instructions) Type ▶	10		
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12 a Charitable contributions Charitable Contributions	12 a	0.
	b Investment interest expense	12 b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12 c (2)	
d Other deductions (see instructions) Type ▶	12 d		
Credits	13 a Low-income housing credit (section 42(j)(5))	13 a	
	b Low-income housing credit (other)	13 b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13 c	
	d Other rental real estate credits (see instrs) Type ▶	13 d	
	e Other rental credits (see instrs) Type ▶	13 e	
	f Biofuel producer credit (attach Form 6478)	13 f	
	g Other credits (see instructions) Type ▶	13 g	
Foreign Trans- actions	14 a Name of country or U.S. possession		
	b Gross income from all sources	14 b	
	c Gross income sourced at shareholder level	14 c	
	Foreign gross income sourced at corporate level		
	d Passive category	14 d	
	e General category	14 e	
	f Other (attach statement)	14 f	
	Deductions allocated and apportioned at shareholder level		
	g Interest expense	14 g	
	h Other	14 h	
	Deductions allocated and apportioned at corporate level to foreign source income		
	i Passive category	14 i	
	j General category	14 j	
	k Other (attach statement)	14 k	
Other information			
l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14 l		
m Reduction in taxes available for credit (attach statement)	14 m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15 a Post-1986 depreciation adjustment	15 a	-882.
	b Adjusted gain or loss	15 b	
	c Depletion (other than oil and gas)	15 c	
	d Oil, gas, and geothermal properties — gross income	15 d	
	e Oil, gas, and geothermal properties — deductions	15 e	
	f Other AMT items (attach statement)	15 f	
Items Affecting Shareholder Basis	16 a Tax-exempt interest income	16 a	
	b Other tax-exempt income	16 b	
	c Nondeductible expenses	16 c	717.
	d Distributions (attach stmt if required) (see instrs)	16 d	24,621.
	e Repayment of loans from shareholders	16 e	

Form 1120S (2015) NELSON DERMATOLOGY PLLC

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Schedule K Shareholders' Pro Rata Share Items (continued)

Total amount

Other Information	17 a Investment income	17 a	
	b Investment expenses	17 b	
	c Dividend distributions paid from accumulated earnings and profits	17 c	0.
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	57,136.

Schedule L Balance Sheets per Books

Beginning of tax year

End of tax year

Assets		(a)	(b)	(c)	(d)
1	Cash		684.		1,404.
2 a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach stmt)				
7	Loans to shareholders		50,787.		50,787.
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10 a	Buildings and other depreciable assets	25,620.		25,620.	
b	Less accumulated depreciation	20,675.	4,945.	22,653.	2,967.
11 a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13 a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach stmt) . . . Ln 14. St				6,159.
15	Total assets		56,416.		61,317.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach stmt) . . Ln 18. St		18,466.		19,586.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement) . . Ln 21. St		28,017.		0.
22	Capital stock		100.		100.
23	Additional paid-in capital				
24	Retained earnings		9,833.		41,631.
25	Adjustments to shareholders' equity (all stmt)				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity		56,416.		61,317.

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Form 1120S (2015)

Form 1120S (2015) NELSON DERMATOLOGY PLLC

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

Note. The corporation may be required to file Schedule M-3 (see instructions)

1	Net income (loss) per books	56,419.	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year, not included on Schedule K, lines 1 through 12, and 14l (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$	345.	7	Add lines 5 and 6	
*	STMT	372.			
4	Add lines 1 through 3	57,136.	8	Income (loss) (Schedule K, ln 18). Ln 4 less ln 7 . .	57,136.

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

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	9,833.	0.	0.
2 Ordinary income from page 1, line 21	57,136.		
3 Other additions			
4 Loss from page 1, line 21			
5 Other reductions * STMT	717.		
6 Combine lines 1 through 5	66,252.	0.	0.
7 Distributions other than dividend distributions	24,621.	0.	0.
8 Balance at end of tax year. Subtract line 7 from line 6	41,631.	0.	0.

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Form 1120S (2015)

For calendar year 2015, or tax

2015

Final K-1

Amended K-1

*See attached statement for additional information.

Schedule K-1 (Form 1120S) 2015 NELSON DERMATOLOGY PLLC

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This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
1 Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:		
Passive loss		See the Shareholder's Instructions
Passive income		Schedule E, line 28, column (g)
Nonpassive loss		Schedule E, line 28, column (h)
Nonpassive income		Schedule E, line 28, column (i)
2 Net rental real estate income (loss)		See the Shareholder's Instructions
3 Other net rental income (loss)		See the Shareholder's Instructions
Net income		Schedule E, line 28, column (g)
Net loss		See the Shareholder's Instructions
4 Interest income		Form 1040, line 8a
5a Ordinary dividends		Form 1040, line 9a
5b Qualified dividends		Form 1040, line 9b
6 Royalties		Schedule E, line 4
7 Net short-term capital gain (loss)		Schedule D, line 5
8a Net long-term capital gain (loss)		Schedule D, line 12
8b Collectibles (28%) gain (loss)		28% Rate Gain Worksheet, line 4 (Schedule D instructions)
8c Unrecaptured section 1250 gain		See the Shareholder's Instructions
9 Net section 1231 gain (loss)		See the Shareholder's Instructions
10 Other income (loss)		
Code		
A Other portfolio income (loss)		See the Shareholder's Instructions
B Involuntary conversions		See the Shareholder's Instructions
C Sec. 1256 contracts and straddles		Form 6781, line 1
D Mining exploration costs recapture		See Pub 535
E Other income (loss)		See the Shareholder's Instructions
11 Section 179 deduction		See the Shareholder's Instructions
12 Other deductions		
A Cash contributions (50%)		See the Shareholder's Instructions
B Cash contributions (30%)		
C Noncash contributions (50%)		
D Noncash contributions (30%)		
E Capital gain property to a 50% organization (30%)		
F Capital gain property (20%)		
G Contributions (100%)		
H Investment interest expense		Form 4952, line 1
I Deductions — royalty income		Schedule E, line 19
J Section 59(e)(2) expenditures		See the Shareholder's Instructions
K Deductions — portfolio (2% floor)		Schedule A, line 23
L Deductions — portfolio (other)		Schedule A, line 28
M Preproductive period expenses		See the Shareholder's Instructions
N Commercial revitalization deduction from rental real estate activities		See Form 8582 instructions
O Reforestation expense deduction		See the Shareholder's Instructions
P Domestic production activities information		See Form 8903 instructions
Q Qualified production activities income		Form 8903, line 7b
R Employer's Form W-2 wages		Form 8903, line 17
S Other deductions		See the Shareholder's Instructions
13 Credits		
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings		See the Shareholder's Instructions
B Low-income housing credit (other) from pre-2008 buildings		
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
D Low-income housing credit (other) from post-2007 buildings		
E Qualified rehabilitation expenditures (rental real estate)		
F Other rental real estate credits		
G Other rental credits		
H Undistributed capital gains credit		Form 1040, line 73, box a
I Biofuel producer credit		See the Shareholder's Instructions
J Work opportunity credit		
K Disabled access credit		
L Empowerment zone employment credit		
M Credit for increasing research activities		
14 Foreign transactions		
A Name of country or U.S. possession		Form 1116, Part I
B Gross income from all sources		
C Gross income sourced at shareholder level		
Foreign gross income sourced at corporate level		
D Passive category		Form 1116, Part I
E General category		
F Other		
Deductions allocated and apportioned at shareholder level		
G Interest expense		Form 1116, Part I
H Other		Form 1116, Part I
Deductions allocated and apportioned at corporate level to foreign source income		
I Passive category		Form 1116, Part I
J General category		
K Other		
Other information		
L Total foreign taxes paid		Form 1116, Part II
M Total foreign taxes accrued		Form 1116, Part II
N Reduction in taxes available for credit		Form 1116, line 12
O Foreign trading gross receipts		Form 8873
P Extraterritorial income exclusion		Form 8873
Q Other foreign transactions		See the Shareholder's Instructions
15 Alternative minimum tax (AMT) items		
A Post-1986 depreciation adjustment		See the Shareholder's Instructions and the instructions for Form 6251
B Adjusted gain or loss		
C Depletion (other than oil & gas)		
D Oil, gas, & geothermal — gross income		
E Oil, gas, & geothermal — deductions		
F Other AMT items		
16 Items affecting shareholder basis		
A Tax-exempt interest income		Form 1040, line 8b
B Other tax-exempt income		See the Shareholder's Instructions
C Nondeductible expenses		
D Distributions		
E Repayment of loans from shareholders		
17 Other information		
A Investment income		Form 4952, line 4a
B Investment expenses		Form 4952, line 5
C Qualified rehabilitation expenditures (other than rental real estate)		See the Shareholder's Instructions
D Basis of energy property		See the Shareholder's Instructions
E Recapture of low-income housing credit (section 42(j)(5))		Form 8611, line 8
F Recapture of low-income housing credit (other)		Form 8611, line 8
G Recapture of investment credit		See Form 4255
H Recapture of other credits		See the Shareholder's Instructions
I Look-back interest — completed long-term contracts		See Form 8697
J Look-back interest — income forecast method		See Form 8866
K Dispositions of property with section 179 deductions		See the Shareholder's Instructions
L Recapture of section 179 deduction		
M Section 453(f)(3) information		
N Section 453A(c) information		
O Section 1260(b) information		
P Interest allocable to production expenditures		
Q CCF nonqualified withdrawals		
R Depletion information — oil and gas		
S Reserved		
T Section 108(i) information		
U Net investment income		
V Other information		

CPCA2101 06/26/13

Section 1.263(a)-1(f)

► Attach to your income tax return

Name(s) Shown on Return NELSON DERMATOLOGY PLLC	Identification Number [REDACTED] 8425
--	--

Tax Year: 2015

Section 1.263(a)-1(f)
De Minimis Safe Harbor Election

The taxpayer elects to make the de minimis safe harbor election under the Regulation 1.263(a)-1(f)

Name:	NELSON DERMATOLOGY PLLC
Address:	7371 ATLAS WALKWAY NUM 648, GAINESVILLE VA 20155
Identification Number:	[REDACTED] 8425

NELSON DERMATOLOGY PLLC 8425

1

Form 1120S, Page 1, Line 19

Other Deductions

ACCOUNTING	6,560.
BANK CHARGES	9,765.
COMPUTER SERVICES AND SUPPLIES	17,479.
CREDIT AND COLLECTION COSTS	2,663.
DUES AND SUBSCRIPTIONS	1,801.
EQUIPMENT RENT	1,350.
INSURANCE	5,650.
LEGAL AND PROFESSIONAL	3,150.
MEALS AND ENTERTAINMENT (50%)	346.
OFFICE EXPENSE	3,570.
OUTSIDE SERVICES	28,196.
POSTAGE	1,454.
SUPPLIES	18,089.
TELEPHONE	7,447.
TRAINING/CONTINUING EDUCATION	125.
TRAVEL	2,512.
UNIFORMS	392.
ANSWERING SERVICE	879.
FAX SERVICE	765.
LABORATORY FEES	2,008.
PAYROLL FEES	7,643.
EMPLOYEE WELFARE	722.
OFFICE MOVING EXPENSE	4,645.
Total	<u>127,211.</u>

Other Assets:

1120S, Schedule L, Line 14

Other Assets:	Beginning of tax year	End of tax year
Security Deposit		6,159.
Total		<u>6,159.</u>

Other Current Liabilities:

1120S, Schedule L, Line 18

Other Current Liabilities:	Beginning of tax year	End of tax year
PNC Visa - 8240	8,359.	8,317.
Dell Business Credit Card	4,141.	5,043.
Sales Tax Payable	2,065.	1,001.
Checks Written in Excess of Cash	3,901.	0.
Health Insurance Payable	0.	1,225.
Due to Wiley	0.	4,000.
Total	<u>18,466.</u>	<u>19,586.</u>

NELSON DERMATOLOGY PLLC 8425

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Other Liabilities:

1120S, Schedule L, Line 21

Other Liabilities:	Beginning of tax year	End of tax year
Can Capital LOC	28,017.	0.
Total	<u>28,017.</u>	<u>0.</u>

Form 1120S, Page 5, Schedule M-1, Line 3

Sch M-1, Line 3

FINES AND PENALTIES	<u>372.</u>
Total	<u>372.</u>

Form 1120S, Page 5, Schedule M-2, Line 5

Schedule M-2, Other Reductions

MEALS AND ENTERTAINMENT	<u>345.</u>	
FINES AND PENALTIES	<u>372.</u>	
Total	<u>717.</u>	

Nelson Dermatology, PLLC

PROFIT AND LOSS

January - December 2016

	TOTAL
INCOME	
Fee for Service Income	
Health Insurance Reimbursement	275,515.36
Merchant Svc Credit Card Pymts	146,113.06
Patient Pymt at Office Visit	20,507.10
Total Fee for Service Income	442,135.52
Other Medical Income	5,806.00
Patient Refunds Given	-53.90
Sales of Product Income	43,565.98
Uncategorized Income	121.50
Total Income	\$491,575.10
GROSS PROFIT	\$491,575.10
EXPENSES	
Advertising and Promotion	6,530.83
Bank Service Charges	3,672.05
Business Licenses and Permits	4,590.70
Computer and Internet Expenses	15,782.19
Continuing Education	718.00
Depreciation Expense	1,787.06
Dues and Subscriptions	2,155.00
Electronic Medical Records	9,365.80
Employee Welfare	1,251.90
Fax Service	1,012.90
Insurance Expense	
General Liability Insurance	588.81
Malpractice Insurance	6,194.00
Worker's Compensation	1,473.54
Total Insurance Expense	8,256.35
Interest Expense	1,782.84
Laboratory Fees	4,357.71
Medical Supplies	30,830.33
Merchant Service Credit Card Fees	3,214.15
Office Supplies	5,258.72
Uncategorized Expenses	6,349.83
Total Office Supplies	11,608.55
Payroll Expenses	36.44
FICA/Medicare Expense	14,634.95
FUTA Expenses	434.79
Health Insurance	609.01
Officer Wages	18,120.00
Payroll Fees	480.07
Subcontractor Expense	34,093.88
SUTA Expense	3,767.21

	TOTAL
Wages	173,186.39
Total Payroll Expenses	245,362.74
Penalties	536.23
Personal Property Taxes	4.32
Postage and Delivery	1,557.60
Professional Fees	
Accountant Fees	16,600.00
Billing Services	27,092.82
Legal Fees	2,971.82
Total Professional Fees	46,664.64
Recruiting	577.42
Rent Expense	71,602.46
Repairs and Maintenance	308.34
Small Medical Equipment	2,260.00
Telephone Expense	8,426.61
Travel Expense	15.50
Air	300.00
Parking	61.00
Taxi/Cab	53.20
Travel Meals	28.96
Total Travel Expense	458.66
Unapplied Cash Bill Payment Expense	1,000.00
Uniforms	77.50
Total Expenses	\$485,752.88
NET OPERATING INCOME	\$5,822.22
OTHER INCOME	
Gain/Loss on Disposal of Assets	-381.65
Total Other Income	\$ -381.65
NET OTHER INCOME	\$ -381.65
NET INCOME	\$5,440.57

Report: Profit and Loss - Management Use Only

<https://qbo.intuit.com/qbo28/reports/5022096910/execute?modal=tru...>

Nelson Dermatology, PLLC
PROFIT AND LOSS - MANAGEMENT USE ONLY
 January - November, 2015

	TOTAL
Income	
Fee for Service Income	371,371.89
Other Medical Income	7,618.29
Patient Refunds Given	-1,148.88
Total Income	\$377,841.30
Gross Profit	\$377,841.30
Expenses	
Advertising and Promotion	1,950.65
Answering Services	878.53
Bank Service Charges	8,184.45
Business Licenses and Permits	50.00
Computer and Internet Expenses	4,240.00
Continuing Education	731.00
Depreciation Expense	3,021.76
Dues and Subscriptions	1,835.00
Electronic Medical Records	9,120.01
Equipment Lease	1,350.00
Fax Service	306.26
Insurance Expense	2,898.77
Interest Expense	7,950.47
Laboratory Fees	2,007.67
Meals and Entertainment	361.45
Medical Supplies	19,168.19
Merchant Service Credit Card Fees	2,505.73
Miscellaneous Expense	2,791.12
Office Supplies	3,823.88
Payroll Expenses	204,991.76
Postage and Delivery	512.37
Professional Fees	33,358.24
Rent Expense	12,956.46
Telephone Expense	6,482.74
Uniforms	50.00
Total Expenses	\$331,526.51
Net Operating Income	\$46,314.79
Net Income	\$46,314.79

Wednesday, Dec 09, 2015 02:59:52 PM PST GMT-5 - Cash Basis

Exhibit D — Post-Petition Operating Reports without Attachments

Case 17-11536-BFK Doc 70 Filed 07/20/17 Entered 07/20/17 11:00:41 Desc Main Document Page 1 of 3

U.S. Trustee Basic Monthly Operating Report For the Period of June 1-June 30, 2017
Form SB-1

Case Name: NELSON DERMATOLOGY, PLLC Date Filed: 5/5/2017
Case Number: 17-11536-BFK SIC Code: _____

IN ACCORDANCE WITH TITLE 2B, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THIS U.S. TRUSTEE BASIC MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS ON BEHALF OF THE CHAPTER 11 DEBTOR AND, TO THE BEST OF MY KNOWLEDGE, THIS REPORT AND RELATED DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE.

/s/ Jennell E. Nelson
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

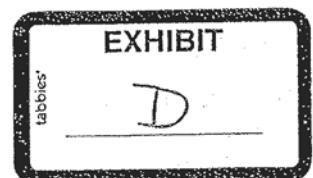
7/19/17
DATE REPORT SIGNED

Dr. Jennell E. Nelson, Managing Member
PRINTED NAME OF RESPONSIBLE PARTY AND POSITION WITH THE DEBTOR

The debtor is required to provide financial reports prepared by or for the debtor in addition to the information required in this form. The U.S. Trustee may permit the debtor to eliminate duplicate information. No such permission is valid unless in writing.

QUESTIONNAIRE:		YES	NO	N/A
1	IS THE BUSINESS STILL OPERATING?	X		
2	DID YOU SELL ANY ASSETS OTHER THAN INVENTORY THIS MONTH?		X	
3	HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?	X		
4	DID YOU PAY ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?		X	
5	DID YOU PAY ALL OF YOUR BILLS ON TIME THIS MONTH?		X	
6	DID YOU PAY YOUR EMPLOYEES ON TIME?	X		
7	HAVE YOU FILED ALL OF YOUR RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?		X	
8	DID YOU PAY ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	X		
9	DID ANY INSURANCE COMPANY CANCEL OR CHANGE YOUR POLICY THIS MONTH?		X	
10	HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?		X	
11	DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	X		
12	DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?		X	
13	DID YOU DEPOSIT ALL MONEY FOR YOUR BUSINESS INTO A DIP ACCOUNT THIS MONTH?		X	
14	DID THE BUSINESS SELL ANY GOODS OR PROVIDE SERVICES TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?		X	
15	DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	X		
16	ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE UST?			X
17	DO YOU HAVE ANY PAST DUE TAX RETURNS OR POST PETITION TAX OBLIGATIONS?		X	

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.



NOTE: (DEBTOR MUST ANSWER ALL QUESTIONS LISTED ABOVE.)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOUR RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT CARD TRANSACTIONS. (If you use an automated accounting system, please attach a copy of the Income Statement and Balance Sheet.)

(EXHIBIT B)

TOTAL INCOME \$ 38,835.92

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS PAID THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (If you use an automated system, please attach a copy of the Disbursements Journal. Otherwise, attach a copy of the Check Register.)

(EXHIBIT C)

TOTAL EXPENSES \$ 46,058.97

CASH PROFIT

TOTAL INCOME LESS TOTAL EXPENSES (EXHIBIT B MINUS EXHIBIT C)

CASH PROFIT \$ (7,222.75)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT, AND WHEN THE DEBT IS DUE.

(EXHIBIT D)

TOTAL PAYABLES \$ 48,663.87

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED, AND WHEN IT IS DUE.

(EXHIBIT E)

TOTAL RECEIVABLES \$ 82,194.84

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT.

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

6

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

7

PROFESSIONAL FEES

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT DURING THIS PERIOD?

0

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT SINCE THE FILING OF THE CASE?

0

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR DURING THE REPORTING PERIOD?

20431.57

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR SINCE THE FILING OF THE CASE?

42,351.60

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY DURING THIS REPORTING PERIOD?

20431.57

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY SINCE THE FILING OF THE CASE?

42,351.60

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO FILL OUT THE EMPLOYEE AND PROFESSIONAL FEE SECTIONS. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME, EXPENSES, AND CASH PROFIT TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

PROJECTED INCOME FOR THE MONTH:	\$ 60,000.00
ACTUAL INCOME FOR THE MONTH: (EXHIBIT B)	\$ 38,835.92
DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:	\$ (21,164.08)
PROJECTED EXPENSES FOR THE MONTH:	\$ 50,768.01
ACTUAL EXPENSES FOR THE MONTH: (EXHIBIT C)	\$ 46,058.67
DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:	\$ 4,709.34
PROJECTED CASH PROFIT FOR THE MONTH:	\$ 9,231.99
ACTUAL CASH PROFIT FOR THE MONTH:	\$ (7,222.75)
DIFFERENCE BETWEEN PROJECTED AND ACTUAL CASH PROFIT: (TOTAL FROM EXHIBIT B MINUS TOTAL FROM EXHIBIT C)	\$ (16,454.74)

(IF ACTUAL CASH PROFIT WAS 90% OR LESS THAN PROJECTED CASH PROFIT, PLEASE ATTACH A DETAILED WRITTEN EXPLANATION.) Nelson Dermatology PLLC implemented a new medical records and billing system in June of 2016. There have been many challenges in implementing the system and the collections of income have been less than projected. Dr. Nelson does believe that the challenges should be able to be corrected and overcome by the end of July.

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO COMPLETE PROJECTION FIGURES. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

RECONCILIATION OF CASH DISBURSEMENTS

CASH DISBURSEMENTS PER FORM 4A-2	0.00
CASH DISBURSEMENTS PER SUM OF FORM 4A-3	0.00
CASH DISBURSEMENTS PER FORM 4D	46,058.67

Case 17-11536-BFK Doc 73 Filed 08/22/17 Entered 08/22/17 17:49:35 Desc Main Document Page 1 of 3

U.S. Trustee Basic Monthly Operating Report
Form SB-1

Case Name: NELSON DERMATOLOGY, PLLC Date Filed: 5/5/2017
Case Number: 17-11536-BFK SIC Code: _____

IN ACCORDANCE WITH TITLE 2B, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THIS U.S. TRUSTEE BASIC MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS ON BEHALF OF THE CHAPTER 11 DEBTOR AND, TO THE BEST OF MY KNOWLEDGE, THIS REPORT AND RELATED DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE.

/S/ Jennell E. Nelson 8/21/2017
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY DATE REPORT SIGNED

Dr. Jennell E. Nelson, Managing Member
PRINTED NAME OF RESPONSIBLE PARTY AND POSITION WITH THE DEBTOR

The debtor is required to provide financial reports prepared by or for the debtor in addition to the information required in this form. The U.S. Trustee may permit the debtor to eliminate duplicate information. No such permission is valid unless in writing.

QUESTIONNAIRE:		YES	NO	N/A
1	IS THE BUSINESS STILL OPERATING?	X		
2	DID YOU SELL ANY ASSETS OTHER THAN INVENTORY THIS MONTH?		X	
3	HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?	X		
4	DID YOU PAY ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?		X	
5	DID YOU PAY ALL OF YOUR BILLS ON TIME THIS MONTH?		X	
6	DID YOU PAY YOUR EMPLOYEES ON TIME?	X		
7	HAVE YOU FILED ALL OF YOUR RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?		X	
8	DID YOU PAY ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	X		
9	DID ANY INSURANCE COMPANY CANCEL OR CHANGE YOUR POLICY THIS MONTH?		X	
10	HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?		X	
11	DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	X		
12	DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?		X	
13	DID YOU DEPOSIT ALL MONEY FOR YOUR BUSINESS INTO A DIP ACCOUNT THIS MONTH?		X	
14	DID THE BUSINESS SELL ANY GOODS OR PROVIDE SERVICES TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?		X	
15	DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	X		
16	ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE UST?	X		
17	DO YOU HAVE ANY PAST DUE TAX RETURNS OR POST PETITION TAX OBLIGATIONS?	X		

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

NOTE: (DEBTOR MUST ANSWER ALL QUESTIONS LISTED ABOVE.)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT CARD TRANSACTIONS. (If you use an automated accounting system, please attach a copy of the Income Statement and Balance Sheet.)

(EXHIBIT B)

TOTAL INCOME \$ 68,526.65

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS PAID THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (If you use an automated system, please attach a copy of the Disbursements Journal. Otherwise, attach a copy of the Check Register.)

(EXHIBIT C)

TOTAL EXPENSES \$ 64,117.02

CASH PROFIT

TOTAL INCOME LESS TOTAL EXPENSES (EXHIBIT B MINUS EXHIBIT C)

CASH PROFIT \$ 4,409.63

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT, AND WHEN THE DEBT IS DUE.

(EXHIBIT D)

TOTAL PAYABLES \$ 53,850.83

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED, AND WHEN IT IS DUE.

(EXHIBIT E)

TOTAL RECEIVABLES \$ 86,018.81

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT.

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

6

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

7

PROFESSIONAL FEES

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT DURING THIS PERIOD?

0

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT SINCE THE FILING OF THE CASE?

0

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR DURING THE REPORTING PERIOD?

7769.25

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR SINCE THE FILING OF THE CASE?

50,125.85

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY DURING THIS REPORTING PERIOD?

7769.25

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY

SINCE THE FILING OF THE CASE? 50,125.85
(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO FILL OUT THE EMPLOYEE AND PROFESSIONAL FEE SECTIONS. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)
PROJECTIONS
COMPARE YOUR ACTUAL INCOME, EXPENSES, AND CASH PROFIT TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

PROJECTED INCOME FOR THE MONTH:	\$ <u>45,000.00</u>
ACTUAL INCOME FOR THE MONTH: (EXHIBIT B)	\$ <u>68,526.65</u>
DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:	\$ <u>23,526.65</u>
 PROJECTED EXPENSES FOR THE MONTH:	 \$ <u>47,094.51</u>
ACTUAL EXPENSES FOR THE MONTH: (EXHIBIT C)	\$ <u>64,117.02</u>
DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:	\$ <u>(17,022.51)</u>
 PROJECTED CASH PROFIT FOR THE MONTH:	 \$ <u>(2,094.51)</u>
ACTUAL CASH PROFIT FOR THE MONTH:	\$ <u>4,409.63</u>
DIFFERENCE BETWEEN PROJECTED AND ACTUAL CASH PROFIT: (TOTAL FROM EXHIBIT B MINUS TOTAL FROM EXHIBIT C)	\$ <u>6,504.14</u>

(IF ACTUAL CASH PROFIT WAS 90% OR LESS THAN PROJECTED CASH PROFIT, PLEASE ATTACH A DETAILED WRITTEN EXPLANATION.) Nelson Dermatology PLLC implemented a new medical records and billing system in June of 2016. There have been many challenges in implementing the system and the collection of income was less than projected in June and more than projected in July.

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO COMPLETE PROJECTION FIGURES. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

RECONCILIATION OF CASH DISBURSEMENTS

CASH DISBURSEMENTS PER FORM 4A-2	0.00
CASH DISBURSEMENTS PER SUM OF FORM 4A-3	0.00
CASH DISBURSEMENTS PER FORM 4D	64,117.02

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U.S. Trustee Basic Monthly Operating Report
Form SB-1

Case Name: NELSON DERMATOLOGY, PLLC Date Filed: 5/5/2017
Case Number: 17-11536-BFK SIC Code: _____

IN ACCORDANCE WITH TITLE 2B, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THIS U.S. TRUSTEE BASIC MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS ON BEHALF OF THE CHAPTER 11 DEBTOR AND, TO THE BEST OF MY KNOWLEDGE, THIS REPORT AND RELATED DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE.

/s/ Dr. Jennell E. Nelson
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

9/22/2017
DATE REPORT SIGNED

Dr. Jennell E. Nelson, Managing Member
PRINTED NAME OF RESPONSIBLE PARTY AND POSITION WITH THE DEBTOR

The debtor is required to provide financial reports prepared by or for the debtor in addition to the information required in this form. The U.S. Trustee may permit the debtor to eliminate duplicate information. No such permission is valid unless in writing.

QUESTIONNAIRE:		YES	NO	N/A
1	IS THE BUSINESS STILL OPERATING?	X		
2	DID YOU SELL ANY ASSETS OTHER THAN INVENTORY THIS MONTH?		X	
3	HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?	X		
4	DID YOU PAY ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?		X	
5	DID YOU PAY ALL OF YOUR BILLS ON TIME THIS MONTH?		X	
6	DID YOU PAY YOUR EMPLOYEES ON TIME?	X		
7	HAVE YOU FILED ALL OF YOUR RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?		X	
8	DID YOU PAY ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	X		
9	DID ANY INSURANCE COMPANY CANCEL OR CHANGE YOUR POLICY THIS MONTH?		X	
10	HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?		X	
11	DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	X		
12	DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?		X	
13	DID YOU DEPOSIT ALL MONEY FOR YOUR BUSINESS INTO A DIP ACCOUNT THIS MONTH?		X	
14	DID THE BUSINESS SELL ANY GOODS OR PROVIDE SERVICES TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?		X	
15	DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	X		
16	ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE UST?	X		
17	DO YOU HAVE ANY PAST DUE TAX RETURNS OR POST PETITION TAX OBLIGATIONS?	X		

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

Nelson Dermatology is behind on some July and some August payroll taxes, which it expects to pay in September from receivables, and since that time has been current in paying payroll taxes for September.

NOTE: (DEBTOR MUST ANSWER ALL QUESTIONS LISTED ABOVE.)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOUR RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT CARD TRANSACTIONS. (If you use an automated accounting system, please attach a copy of the Income Statement and Balance Sheet.)

(EXHIBIT B)

TOTAL INCOME \$ 68,526.65

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS PAID THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (If you use an automated system, please attach a copy of the Disbursements Journal. Otherwise, attach a copy of the Check Register.)

(EXHIBIT C)

TOTAL EXPENSES \$ 64,117.02

CASH PROFIT

TOTAL INCOME LESS TOTAL EXPENSES (EXHIBIT B MINUS EXHIBIT C)

CASH PROFIT \$ 4,409.63

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT, AND WHEN THE DEBT IS DUE.

(EXHIBIT D)

TOTAL PAYABLES \$ 53,850.83

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED, AND WHEN IT IS DUE.

(EXHIBIT E)

TOTAL RECEIVABLES \$ 86,018.81

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT.

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

6

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

7

PROFESSIONAL FEES

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT DURING THIS PERIOD?

0

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT SINCE THE FILING OF THE CASE?

0

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR DURING THE REPORTING PERIOD?

4,474.00

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR SINCE THE FILING OF THE CASE?

53,599.85

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY DURING THIS REPORTING PERIOD?	3974
PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY SINCE THE FILING OF THE CASE?	52,599.85

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO FILL OUT THE EMPLOYEE AND PROFESSIONAL FEE SECTIONS. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME, EXPENSES, AND CASH PROFIT TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

PROJECTED INCOME FOR THE MONTH:	\$ 60,000.00
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ACTUAL INCOME FOR THE MONTH: (EXHIBIT B)	\$ 56,577.12
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DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:	\$ (3,422.88)
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PROJECTED EXPENSES FOR THE MONTH:	\$ 51,768.01
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ACTUAL EXPENSES FOR THE MONTH: (EXHIBIT C)	\$ 54,435.80
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DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:	\$ (2,667.79)
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PROJECTED CASH PROFIT FOR THE MONTH:	\$ (2,094.51)
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ACTUAL CASH PROFIT FOR THE MONTH:	\$ 2,141.32
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DIFFERENCE BETWEEN PROJECTED AND ACTUAL CASH PROFIT: (TOTAL FROM EXHIBIT B MINUS TOTAL FROM EXHIBIT C)	\$ 4,235.83
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(IF ACTUAL CASH PROFIT WAS 90% OR LESS THAN PROJECTED CASH PROFIT, PLEASE ATTACH A DETAILED WRITTEN EXPLANATION.) Nelson Dermatology PLLC implemented a new medical records and billing system in June of 2016. There have been many challenges in implementing the system and the collection of income was less than projected in August.

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO COMPLETE PROJECTION FIGURES. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

RECONCILIATION OF CASH DISBURSEMENTS

CASH DISBURSEMENTS PER FORM 4A-2	0.00
CASH DISBURSEMENTS PER SUM OF FORM 4A-3	0.00
CASH DISBURSEMENTS PER FORM 4D	54,435.80

Case 17-11536-BFK Doc 75 Filed 10/24/17 Entered 10/24/17 11:44:39 Desc Main Document Page 1 of 4

U.S. Trustee Basic Monthly Operating Report
Form SB-1

Case Name: NELSON DERMATOLOGY, PLLC Date Filed: 5/5/2017
Case Number: 17-11536-BFK SIC Code: _____

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THIS U.S. TRUSTEE BASIC MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS ON BEHALF OF THE CHAPTER 11 DEBTOR AND, TO THE BEST OF MY KNOWLEDGE, THIS REPORT AND RELATED DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE.

/s/ Jennell E. Nelson
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

10/23/2017
DATE REPORT SIGNED

Dr. Jennell E. Nelson, Managing Member
PRINTED NAME OF RESPONSIBLE PARTY AND POSITION WITH THE DEBTOR

The debtor is required to provide financial reports prepared by or for the debtor in addition to the information required in this form. The U.S. Trustee may permit the debtor to eliminate duplicate information. No such permission is valid unless in writing.

QUESTIONNAIRE:		YES	NO	N/A
1	IS THE BUSINESS STILL OPERATING?	X		
2	DID YOU SELL ANY ASSETS OTHER THAN INVENTORY THIS MONTH?		X	
3	HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?	X		
4	DID YOU PAY ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?		X	
5	DID YOU PAY ALL OF YOUR BILLS ON TIME THIS MONTH?		X	
6	DID YOU PAY YOUR EMPLOYEES ON TIME?	X		
7	HAVE YOU FILED ALL OF YOUR RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?		X	
8	DID YOU PAY ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	X		
9	DID ANY INSURANCE COMPANY CANCEL OR CHANGE YOUR POLICY THIS MONTH?		X	
10	HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?		X	
11	DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	X		
12	DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?		X	
13	DID YOU DEPOSIT ALL MONEY FOR YOUR BUSINESS INTO A DIP ACCOUNT THIS MONTH?		X	
14	DID THE BUSINESS SELL ANY GOODS OR PROVIDE SERVICES TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?		X	
15	DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	X		
16	ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE UST?	X		
17	DO YOU HAVE ANY PAST DUE TAX RETURNS OR POST PETITION TAX OBLIGATIONS?	X		

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

Nelson Dermatology has filed all post-petition tax returns timely.

The Debtor is behind on its July and August payroll taxes. The Debtor is making every effort to have those paid in full by the filing deadline of 10/31/2017.

NOTE: (DEBTOR MUST ANSWER ALL QUESTIONS LISTED ABOVE.)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOUR RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT CARD TRANSACTIONS. (If you use an automated accounting system, please attach a copy of the Income Statement and Balance Sheet.)

(EXHIBIT B) TOTAL INCOME \$ 47,072.54

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS PAID THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (If you use an automated system, please attach a copy of the Disbursements Journal. Otherwise, attach a copy of the Check Register.)

(EXHIBIT C) TOTAL EXPENSES \$ 56,596.44

CASH PROFIT

TOTAL INCOME LESS TOTAL EXPENSES (EXHIBIT B MINUS EXHIBIT C)

CASH PROFIT \$ (9,523.90)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT, AND WHEN THE DEBT IS DUE.

(EXHIBIT D) TOTAL PAYABLES \$ 74,310.21

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED, AND WHEN IT IS DUE.

(EXHIBIT E) TOTAL RECEIVABLES \$ 67,594.16

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT.

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

6

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

7

PROFESSIONAL FEES

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT DURING THIS PERIOD?

0

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT SINCE THE FILING OF THE CASE?

0

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR DURING THE REPORTING PERIOD?

7,572.50

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR SINCE THE FILING OF THE CASE?

63,353.35

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY DURING THIS REPORTING PERIOD?	7,572.50
PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY SINCE THE FILING OF THE CASE?	63,353.35

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO FILL OUT THE EMPLOYEE AND PROFESSIONAL FEE SECTIONS. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME, EXPENSES, AND CASH PROFIT TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

PROJECTED INCOME FOR THE MONTH:	\$ 60,000.00
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ACTUAL INCOME FOR THE MONTH: (EXHIBIT B)	\$ 47,073.01
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DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:	\$ (12,926.99)
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PROJECTED EXPENSES FOR THE MONTH:	\$ 55,228.01
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ACTUAL EXPENSES FOR THE MONTH: (EXHIBIT C)	\$ 56,596.44
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DIFFERENCE BETWEEN PROJECTED AND ACTUAL EXPENSES:	\$ (1,368.43)
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PROJECTED CASH PROFIT FOR THE MONTH:	\$ 4,771.99
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ACTUAL CASH PROFIT FOR THE MONTH:	\$ (9,523.43)
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DIFFERENCE BETWEEN PROJECTED AND ACTUAL CASH PROFIT: (TOTAL FROM EXHIBIT B MINUS TOTAL FROM EXHIBIT C)	\$ (14,295.42)
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(IF ACTUAL CASH PROFIT WAS 90% OR LESS THAN PROJECTED CASH PROFIT, PLEASE ATTACH A DETAILED WRITTEN EXPLANATION.) Nelson Dermatology PLLC implemented a new medical records and billing system in June of 2016. There have been many challenges in implementing the system and the collection of income was less than projected in September. As of October 20 there has been a more than \$20,000.00 increase in the outstanding money due to practice.

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO COMPLETE PROJECTION FIGURES. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

RECONCILIATION OF CASH DISBURSEMENTS

CASH DISBURSEMENTS PER FORM 4A-2	0.00
CASH DISBURSEMENTS PER SUM OF FORM 4A-3	0.00
CASH DISBURSEMENTS PER FORM 4D	56,596.44

U.S. Trustee Basic Monthly Operating Report
Form SB-1

Case Name: NELSON DERMATOLOGY, PLLC Date Filed: 5/5/2017

Case Number: 17-11536-BFK SIC Code: _____

IN ACCORDANCE WITH TITLE 2B, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THIS U.S. TRUSTEE BASIC MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS ON BEHALF OF THE CHAPTER 11 DEBTOR AND, TO THE BEST OF MY KNOWLEDGE, THIS REPORT AND RELATED DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE.

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

11/21/2017
DATE REPORT SIGNED

Dr. Jennell E. Nelson, Managing Member

PRINTED NAME OF RESPONSIBLE PARTY AND POSITION WITH THE DEBTOR

The debtor is required to provide financial reports prepared by or for the debtor in addition to the information required in this form. The U.S. Trustee may permit the debtor to eliminate duplicate information. No such permission is valid unless in writing.

QUESTIONNAIRE:

		YES	NO	N/A
1	IS THE BUSINESS STILL OPERATING?	X		
2	DID YOU SELL ANY ASSETS OTHER THAN INVENTORY THIS MONTH?		X	
3	HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?	X		
4	DID YOU PAY ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?		X	
5	DID YOU PAY ALL OF YOUR BILLS ON TIME THIS MONTH?		X	
6	DID YOU PAY YOUR EMPLOYEES ON TIME?	X		
7	HAVE YOU FILED ALL OF YOUR RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?		X	
8	DID YOU PAY ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	X		
9	DID ANY INSURANCE COMPANY CANCEL OR CHANGE YOUR POLICY THIS MONTH?		X	
10	HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?		X	
11	DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	X		
12	DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?		X	
13	DID YOU DEPOSIT ALL MONEY FOR YOUR BUSINESS INTO A DIP ACCOUNT THIS MONTH?		X	
14	DID THE BUSINESS SELL ANY GOODS OR PROVIDE SERVICES TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?		X	
15	DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	X		
16	ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE UST?	X		
17	DO YOU HAVE ANY PAST DUE TAX RETURNS OR POST PETITION TAX OBLIGATIONS?	X		

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

Nelson Dermatology has filed all post-petition tax returns timely.

The debtor is behind on the July, August, September, and October payroll taxes. Partial payments for 3rd quarter have been paid

the Debtor is working to pay off balances by end of November.

NOTE: (DEBTOR MUST ANSWER ALL QUESTIONS LISTED ABOVE.)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOUR RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT CARD TRANSACTIONS. (If you use an automated accounting system, please attach a copy of the Income Statement and Balance Sheet.)

(EXHIBIT B)

TOTAL INCOME \$ 53,542.60

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS PAID THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (If you use an automated system, please attach a copy of the Disbursements Journal. Otherwise, attach a copy of the Check Register.)

(EXHIBIT C)

TOTAL EXPENSES \$ 48,089.99

CASH PROFIT

TOTAL INCOME LESS TOTAL EXPENSES (EXHIBIT B MINUS EXHIBIT C)

CASH PROFIT \$ 5,452.61

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT, AND WHEN THE DEBT IS DUE.

(EXHIBIT D)

TOTAL PAYABLES \$ 96,824.62

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED, AND WHEN IT IS DUE.

(EXHIBIT E)

TOTAL RECEIVABLES \$ 76,869.54

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT.

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

6

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

7

PROFESSIONAL FEES

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT DURING THIS PERIOD?

0

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT SINCE THE FILING OF THE CASE?

0

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR DURING THE REPORTING PERIOD?

18,156.50

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR SINCE THE FILING OF THE CASE?

81,384.85

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY DURING THIS REPORTING PERIOD?

18,156.50

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY SINCE THE FILING OF THE CASE?

81,384.85

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO FILL OUT THE EMPLOYEE AND PROFESSIONAL FEE SECTIONS. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME, EXPENSES, AND CASH PROFIT TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

PROJECTED INCOME FOR THE MONTH:	\$ 60,000.00
ACTUAL INCOME FOR THE MONTH: (EXHIBIT B)	\$ 53,542.60
DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:	\$ (6,457.40)
PROJECTED EXPENSES FOR THE MONTH:	\$ 56,519.01
ACTUAL EXPENSES FOR THE MONTH: (EXHIBIT C)	\$ 48,089.99
DIFFERENCE BETWEEN PROJECTED AND ACTUAL EXPENSES:	\$ 8,429.02
PROJECTED CASH PROFIT FOR THE MONTH:	\$ 3,480.99
ACTUAL CASH PROFIT FOR THE MONTH:	\$ 5,452.61
DIFFERENCE BETWEEN PROJECTED AND ACTUAL CASH PROFIT: (TOTAL FROM EXHIBIT B MINUS TOTAL FROM EXHIBIT C)	\$ 1,971.62

(IF ACTUAL CASH PROFIT WAS 90% OR LESS THAN PROJECTED CASH PROFIT, PLEASE ATTACH A DETAILED WRITTEN EXPLANATION.)

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO COMPLETE PROJECTION FIGURES. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

RECONCILIATION OF CASH DISBURSEMENTS

CASH DISBURSEMENTS PER FORM 4A-2	0.00
CASH DISBURSEMENTS PER SUM OF FORM 4A-3	0.00
CASH DISBURSEMENTS PER FORM 4D	48,089.99

Exhibit E – Liquidation Analysis

Debtor's Estimated Liquidation Value of Assets				
	Assets	Liquidation Value	Basis for Liquidation Value	
a.	Cash/Bank Accounts	\$ 2,500.00	Estimated Balance on Hand	
b.	Accounts receivable	\$ 76,500.00	10% Discount on Estimated Fair Market Value	
c.	Inventory (Skin Care and Medical Supplies)	\$ 6,600.00	Estimated Fair Market Sale Value (Cost of Inventory)	
d.	Office Furniture	\$ 2,065.00	Estimated Fair Market Sale Value	
e.	Medical Equipment	\$ 1,801.00	Estimated Fair Market Sale Value	
f.	Office Fixtures	\$ -	Estimated Fair Market Sale Value	
g.	Deposit for Rent	\$ 6,159.00	Balance of Deposit	
h.	Customer List	\$ 30,000.00	Estimated Fair Market Sale Value	
i.	Internet Domain and Website	\$ -	Estimated Fair Market Sale Value	
j.	Lawsuits or other claims against third-parties	\$ 2,500.00	Estimated Recovery Value	
k.	Goodwill	\$ -	Estimated Liquidation Sale Value	
	Total Assets at Liquidation Value	\$ 128,125.00		
Less:				
	Secured creditors' recoveries	\$ -		None
Less:				
	Chapter 7 trustee fees and expenses	\$ 9,656.25		
Less:				
	Chapter 11 administrative expenses	\$ 91,000.00		
Less:				
	Priority claims, excluding administrative expense claims	\$ 68,813.00		
[Less:				
	Debtor's claimed exemptions]	\$ -		
	(1) Balance for unsecured claims	\$ (41,344.25)		
	(2) Total dollar amount of allowed unsecured claims	\$ 105,897.86		
	Percentage of Claims Which Would Unsecured Creditors Would Receive Or Retain in a Chapter 7 Liquidation:	0%		
	Percentage of Claims Which Unsecured Creditors Will Receive or Retain under the Plan:	10%		

Exhibit F - Projections of Cash Flow and Earnings for Post-Confirmation Period

	Feb 2018 - Dec					
	2018	2019	2020	2021	2022	Jan-23
Cash In	665,000	841,527	858,358	909,859	973,549	88,100
Cash Out						
Accountant Fees	14,700	17,600	19,360	21,296	23,426	2,147
Advertising and Promotion	4,840	6,732	6,867	7,279	7,788	705
Bank Service Charges	1,515	2,104	2,146	2,275	2,434	220
Business Licenses and Permits	1,815	2,525	2,575	2,730	2,921	264
Computer and Internet Expenses	7,600	10,519	10,729	11,373	12,169	1,101
Dues and Subscriptions	1,815	2,525	2,575	2,730	2,921	264
EMR/Billing	36,300	50,492	51,501	54,592	58,413	5,286
Employee Welfare	1,210	1,683	1,717	1,820	1,947	176
Fax Service	1,050	1,431	1,459	1,547	1,655	150
Insurance Expense						
General Liability Insurance	920	1,100	1,210	1,331	1,464	134
Medical Insurance	3,300	4,200	4,800	4,800	4,800	600
Malpractice Insurance	15,125	18,150	19,965	21,962	24,158	2,214
Worker's Compensation	880	1,056	1,162	1,278	1,406	1,546
Interest Expense	1,100	1,320	1,452	1,597	1,757	1,933
Laboratory Fees	1,210	1,683	1,717	1,820	1,947	176
Legal Expense	0	0	12,000	12,000	12,000	1,000
Medical Supplies	21,175	29,453	30,043	31,845	34,074	3,084
Medical Waste Disposal	1,210	1,683	1,717	1,820	1,947	176
Merchant Service Credit Card Fees	4,840	6,732	6,867	7,279	7,788	705
Office Supplies	3,935	5,470	5,579	5,914	6,328	573
Payroll Expenses						
Officer Physician Wages	128,000	140,000	161,000	184,100	209,510	20,372
Physician Wages	95,000	156,600	160,515	164,528	168,641	14,405
Wages	163,208	189,438	196,486	206,148	225,927	19,235
Payroll Taxes	29,455	37,317	39,762	42,575	46,347	4,267
Personal Property Taxes	1,375	1,575	1,654	1,736	1,823	160
Postage and Delivery	2,660	3,366	3,433	3,639	3,894	352
Rent Expense	69,300	75,789	75,978	76,168	76,359	6,379
Repairs and Maintenance	665	842	858	910	974	88
Small Medical Equipment	1,330	1,683	1,717	1,820	1,947	176
Telephone Expense	6,600	7,260	7,986	8,785	9,663	886
Travel Expense	998	1,188	1,288	1,365	1,460	132
Uniforms	266	317	343	364	389	35
Capital Reserve/Unexpected	8,254	3,805	7,308	4,120	7,981	1,305
Total Cash Payments	616,951	768,036	824,409	872,247	942,833	88,100

Feb 2018 - Dec

2018 2019 2020 2021 2022 Jan-23

Beginning Cash Balance	3,500	56,549	135,040	173,989	216,601	252,318
Dr Nelson Contribution	5,000	5,000	5,000	5,000	5,000	
Cash In	665,000	841,527	858,358	909,859	973,549	88,100
Cash Out	(616,951)	(768,036)	(824,409)	(872,247)	(942,833)	(88,100)
Ending Cash Before Debt Repayment	56,549	135,040	173,989	216,601	252,318	252,318
IRS Debt Repayment	13,346	14,559	14,559	14,559	4,853	
VA Debt Repayment Withholding	1,141	1,245	1,245	1,245	415	
VA Debt Repayment Sales Tax	354	387	387	387	129	
Professional Fee Payment Plan						
Accounting	16,500	18,000	1,500			
Legal	25,208	27,500	2,292			
Repay of Schedule F Claims @10%				5,045	5,045	500
Total Debt Repayment	56,550	61,691	19,983	21,236	10,442	500
Ending Cash	0.00	0.00	0.00	0.00	0.00	0.00

Exhibit G — Projected Payment by Claim

The Debtor reserves the right to object to and seek to disallow any Claim—in whole or in part— even if a Claim is showed as being paid on this schedule.

EXHIBIT G

5 YEAR PROJECTION CALCULATIONS - PRIORITY CREDITORS

Creditor	Schedule E Priority Creditor Claim Amount	Percentage of Prepetition Claim Paid or Projected to be Paid	Amount of Prepetition Claim Paid or Projected to be Paid	Notes
County of Prince William	\$0.00	100.00%	\$0.00	
Internal Revenue Service	\$57,045.76	100% plus interest 4% per year	\$61,877.79	
Virginia Commonwealth Dept. Taxation (sales and withholding taxes)	\$7,497.05	100% plus interest 4% per year	\$8,139.60	

5 YEAR PROJECTION CALCULATIONS - UNSECURED CREDITORS

Creditor	Schedule F Unsecured Claim Amount	Percentage of Prepetition Claim Paid or Projected to be Paid	Amount of Prepetition Claim Paid or Projected to be Paid	Notes
4Imprint	\$1,175.62	10.00%	\$117.56	
Artisan Laser Skin Care Center	\$593.40	100.00%	\$593.40	Critical Vendor*
B.J. Kane and Company, P.C.	\$1,100.00	10.00%	\$110.00	
Caldwell Consultant	\$420.23	10.00%	\$42.02	
Capital Documents Solutions	\$777.63	10.00%	\$77.76	
Comcast Business	\$656.38	100.00%	\$656.38	Critical Vendor *
Dell Financial Services	\$5,200.11	10.00%	\$520.01	
Delta Locum Tenens LLC	\$20,818.78	10.00%	\$2,081.88	
Denise Hovington, CPA	\$1,000.00	10.00%	\$100.00	
Dr. Susan K. Fitzgerald, MD	\$982.00	10.00%	\$9.82	
Everbank Commercial Finance	\$10,603.66	10.00%	\$1,060.37	
Foundation Care Pharmacy (Claim No. 4)	\$4,552.00	10.00%	\$455.20	
Iconnect - RxPc	\$2,088.85	0.00%	\$0.00	Disputed
Internal Revenue Service (General Unsecured Claims)	\$9,307.10	10.00%	\$930.71	
Kaiser Permanente	\$7,672.32	10.00%	\$767.23	
Laboratory Corp. of America	\$257.90	10.00%	\$25.79	
McKesson Distribution (Galderma Laboratories LP (5979)	\$1,878.73	0.00%	\$0.00	Disputed
McKesson Medical-Surgical aka McKesson Specialty Care (3434)	\$110.87	0.00%	\$0.00	Disputed
McKesson Medical-Surgical Inc. (6627) (Claim No. 3)	\$7,741.93	10.00%	\$774.19	
McKesson Medical-Surgical Minn Supply Inc. Successor to Next Day Medical (3968)	\$8,458.95	0.00%	\$0.00	Disputed
Medical Protective Ins Premium	\$1,433.00	100.00%	\$1,433.00	Critical Vendor *
Merz Aesthetics Merz North America, Inc. (1490)	\$3,171.40	0.00%	\$0.00	Disputed
Millenium Systems International	\$35.00	100.00%	\$35.00	Critical Vendor *
Miraca Life Sciences	\$500.00	10.00%	\$50.00	
Nixon Uniform Service & Medical	\$3,653.56	0.00%	\$0.00	Disputed
Norcal Mutual Insurance	\$1,695.00	100.00%	\$1,695.00	Critical Vendor *
Northern VA Magazine	\$450.00	10.00%	\$45.00	
On Stage Publications	\$845.00	10.00%	\$84.50	
Paramount Service Corp	\$651.25	10.00%	\$65.13	
Piedmont Medical Real Estate	\$191,966.14	0.00%	\$0.00	Disputed
Pitney Bowes, Inc. (6297)	\$836.98	100.00%	\$836.98	Critical Vendor *
Pitney Bowes, Inc. (9223)	\$101.18	100.00%	\$101.18	Critical Vendor *
PNC Bank Credit Card	\$9,372.31	10.00%	\$937.23	
Professional Media Corporation	\$2,757.84	0.00%	\$0.00	Disputed
Quill	\$1,219.08	10.00%	\$121.91	

5 YEAR PROJECTION CALCULATIONS - UNSECURED CREDITORS				
Creditor	Schedule F Unsecured Claim Amount	Percentage of Prepetition Claim Paid or Projected to be Paid	Amount of Prepetition Claim Paid or Projected to be Paid	Notes
Randi Kopf HealthLaw (Claim No. 6)	\$1,500.00	10.00%	\$150.00	
Roberts Oxygen Company	\$1,186.26	100.00%	\$1,186.26	Critical Vendor *
Solor, Inc.	\$13,079.56	10.00%	\$1,307.96	
SolutionReach	\$379.00	100.00%	\$379.00	Critical Vendor *
Stericycle	\$154.22	10.00%	\$15.42	
Sudley North, LLC	\$6,675.02	100.00%	\$6,675.02	Assumed Lease
Summers Laboratories	\$197.22	10.00%	\$19.72	
Tangible Solutions	\$474.00	100.00%	\$474.00	Critical Vendor *
Telteksystems	\$1,318.91	10.00%	\$131.89	
Trueshred	\$0.00	10.00%	\$0.00	
United Healthcare	\$1,211.40	100.00%	\$1,211.40	Critical Vendor *
Universal Companies	\$929.23	10.00%	\$92.92	
Valeant Pharmaceuticals	\$6,957.11	10.00%	\$695.71	
Virginia Commonwealth Dept. Taxation (sales and withholding taxes) (General Unsecured Claims)	\$1,052.99	10.00%	\$105.30	
Weisco Signs	Unknown	10.00%	\$0.00	
Zirmed, Inc.	\$245.83	100.00%	\$245.83	Critical Vendor *

*Critical Vendor claims have been paid in the ordinary course of the Debtor's business.

The Debtor reserves the right to object to and seek to disallow any Claim—in whole or in part— even if a Claim is showed as being paid on this schedule.