UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 6, 2015

The Joint Corp

(Exact name of registrant as specified in its charter)

Delaware	001-36724	90-0544160
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

16767 N. Perimeter Drive, Suite 240, Scottsdale, Arizona	85260
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (480) 245-5960

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

This Amendment No. 1 on Form 8-K/A ("Form 8-K/A") amends the Current Report on Form 8-K filed by The Joint Corp. ("we" or the "Company") with the Securities and Exchange Commission ("SEC") on March 9, 2015 ("March Form 8-K"). The March Form 8-K reported under Item 2.01 that the Company had completed its repurchase of nine franchises in California which was accomplished pursuant to an Asset and Franchise Purchase Agreement (the "Purchase Agreement") between the Company and The Joint San Gabriel Valley Group, Inc.

The description of the Purchase Agreement found in this Form 8-K/A is not intended to be complete and is qualified in its entirety by reference to the agreements attached to the March Form 8-K.

This Form 8-K/A provides the financial statements and pro forma financial information as required by Item 9.01 of Form 8-K. No other modification to the March Form 8-K is being made by this Form 8-K/A. The information previously reported in or filed with the March Form 8-K is hereby incorporated by reference into this Form 8-K/A.

Item 9.01 Financial Statements and Exhibits.

(a)(1) Financial Statements of Businesses Acquired.

The audited financial statements of The Joint San Gabriel Valley Group, Inc. as of and for the year ended December 31, 2014 and accompanying notes are attached hereto as Exhibit 99.1 and are incorporated by reference into this Form 8-K/A.

(b)(1) Unaudited Pro Forma Financial Information.

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2014 and for the three months ended March 31, 2015, and accompanying notes, are attached hereto as Exhibit 99.2 and are incorporated by reference into this Form 8-K/A.

(d) Exhibits.

Exhibit No.	Description
23.1	Consent of EKS&H LLLP Independent Auditors for The Joint San Gabriel Valley Group, Inc. as of and for the year ended December 31, 2014.
99.1	Audited financial statements of The Joint San Gabriel Valley Group, Inc. as of and for the year ended December 31, 2014, and accompanying notes.
99.2	Unaudited pro forma condensed combined statements of operations for the year ended December 31, 2014 and for the three months ended March 31, 2015, and notes thereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The Joint Corp.

Date: May 20, 2015

By: /s/ FRANCIS T. JOYCE
Francis T. Joyce
Chief Financial Officer and Treasurer

EXHIBIT INDEX

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our report dated May 15, 2015 related to the financial statements of The Joint San Gabriel Valley Group, Inc. as of and for the year ended December 31, 2014, which appear in Form 8-K/A of The Joint Corp., dated May 20, 2015.

/s/ EKS&H LLLP

May 20, 2015
Denver, Colorado

Exhibit 99.1

THE JOINT SAN GABRIEL VALLEY GROUP, INC.

Financial Statements
and
Independent Auditors' Report
December 31, 2014

THE JOINT SAN GABRIEL VALLEY GROUP, INC.

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INDEPENDENT AUDITORS' REPORT

To the Stockholder
The Joint San Gabriel Valley Group, Inc.
Whittier, California

We have audited the accompanying financial statements of The Joint San Gabriel Valley Group, Inc., which are comprised of the balance sheet as of December 31, 2014, and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Joint San Gabriel Valley Group, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF OTHER MATTERS

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Notes 1 and 2 to the financial statements, the Company sold substantially all of its assets subsequent to year end, has suffered recurring losses from operations, and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

EKS&H LLLP

May 15, 2015
Denver, Colorado

THE JOINT SAN GABRIEL VALLEY GROUP, INC.

Balance Sheet
December 31, 2014

Assets

Current assets		
Cash	$	40,586
Accounts receivable		1,035
Prepaid expenses		12,625
Total current assets		54,246
Non-current assets		
Property and equipment, net		260,094
Franchise fees, net		200,583
Deposits		8,688
Total non-current assets		469,365
Total assets	$	523,611

Liabilities and Stockholder's Equity (Deficit)

Current liabilities		
Accounts payable and accrued expenses	$	89,754
Advances from stockholder		650,000
Deferred rent, current portion		10,403
Total current liabilities		750,157
Non-current liabilities		
Deferred rent, less current portion		39,564
Total liabilities		789,721
Commitments and contingencies		
Stockholder's equity (deficit)		
Common stock, no par value, 1,000,000 shares authorized, 460,000 shares issued and outstanding		460,000
Accumulated deficit		(726,110)
Total stockholder's equity (deficit)		(266,110)
Total liabilities and stockholder's equity (deficit)	$	523,611

See notes to financial statements.

THE JOINT SAN GABRIEL VALLEY GROUP, INC.

Statement of Operations
For the Year Ended December 31, 2014

Revenues	
Management fees	$ 55,030
Expenses	
General and administrative	445,643
Selling and marketing	25,305
Depreciation and amortization	83,799
Total expenses	554,747
Net loss	$ (499,717)

See notes to financial statements.

THE JOINT SAN GABRIEL VALLEY GROUP, INC.

Statement of Changes in Stockholder's Equity (Deficit)
For the Year Ended December 31, 2014

	Common Stock		Accumulated	Total Stockholder's
	Shares	Amount	Deficit	Equity (Deficit)
Balance - December 31, 2013	460,000	$ 460,000	$ (226,393)	$ 233,607
Net loss	-	-	(499,717)	(499,717)
Balance - December 31, 2014	460,000	$ 460,000	$ (726,110)	$ (266,110)

See notes to financial statements.

THE JOINT SAN GABRIEL VALLEY GROUP, INC.

Statement of Cash Flows
For the Year Ended December 31, 2014

Cash flows from operating activities	
Net loss	$ (499,717)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation and amortization	83,799
Changes in operating assets and liabilities	
Accounts receivable	(493)
Prepaid expenses	(11,706)
Accounts payable and accrued expenses	92,701
Deferred rent	36,816
Deposits	(2,607)
	198,510
Net cash used in operating activities	(301,207)
Cash flows from investing activities	
Purchase of property and equipment	(221,466)
Net cash used in investing activities	(221,466)
Cash flows from financing activities	
Advances from stockholder	500,000
Net cash provided by financing activities	500,000
Net decrease in cash	(22,673)
Cash - beginning of year	63,259
Cash - end of year	$ 40,586

See notes to financial statements.

Notes to Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies

The Joint San Gabriel Valley Group, Inc. (the "Company") was formed in February 2012 for the purpose of owning and operating franchises for The Joint Corp. ("The Joint"), a franchisor that specializes in providing affordable, convenient, and accessible chiropractic care through licensed chiropractic professionals.

In 2012, the Company purchased the franchise rights to own and operate ten franchises in California. In the state of California, a chiropractor must be part of a professional services corporation ("PC") in order to provide chiropractic services. The Company has entered into three management agreements with PCs to manage the respective PCs. The remaining seven units are not developed or in operation.

On March 6, 2015, the Company entered into an agreement with The Joint in which it sold substantially all of the assets of two developed franchises and terminated its franchise rights under nine of the Company's ten franchise agreements for $300,000. The Company retained its right to own and operate one operating franchise.

Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. The Company had no cash equivalents as of December 31, 2014.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets, ranging from three to seven years, and the shorter of the estimated useful life or related lease terms for leasehold improvements.

Franchise Fees

For each franchise purchased by the Company, a fee of $29,000 is paid to The Joint. The fees are amortized over a period of 10 years, which is the term of the franchise agreement.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the estimated undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairments of long-lived assets were recorded for the year ended December 31, 2014.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company derives its revenue in the form of fees from the performance of management, organizational, and administrative services. Based on agreements with the PCs, the Company earns a monthly fee from each PC. Each of the PCs are in the initial stage of business development and have not generated enough revenue to cover the monthly fees outlined in the agreement. Since the collectibility of the full management fee is uncertain, revenue has only been recognized to the extent of fees expected to be collected from the PC.

Royalties and Advertising Fees

Pursuant to the franchise agreements, the Company is required to pay royalties and advertising fees based on a percentage of sales, including 6% for royalties and 1% for advertising fees.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2014 was $24,768.

Income Taxes

The Company has elected to be treated as an S corporation for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of the stockholder, and no provision for federal income taxes has been recorded on the accompanying financial statements.

The Company applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the Company's stockholder rather than on the Company. Accordingly, there would be no effect on the Company's financial statements.

Use of Estimates

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

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Subsequent Events

The Company has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance. Except as disclosed in Note 1, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Deferred Rent Obligation

The Company has entered into operating lease agreements for its corporate office and warehouses, some of which contain provisions for future rent increases or periods in which rent payments are reduced. The Company records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to deferred rent obligation, which is reflected as a separate line item in the accompanying balance sheet.

Note 2 - Going Concern

The accompanying financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and liquidation of liabilities in the ordinary course of business.

As shown in the accompanying financial statements, the Company has incurred recurring losses from operations, and as of December 31, 2014, the Company's total liabilities exceeded its total assets by approximately $260,000. These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 - Balance Sheet Disclosures

Property and equipment are summarized as follows at December 31, 2014:

Leasehold improvements	$	254,104
Furniture and fixtures		59,536
Office equipment		25,580
		339,220
Less accumulated depreciation and amortization		(79,126)
	$	260,094

Depreciation expense for the year ended December 31, 2014 was $54,799.

Note 3 - Balance Sheet Disclosures (continued)

Franchise fees consist of the following at December 31, 2014:

Franchisee	$	290,000
Less accumulated amortization		(89,417)
	$	200,583

Amortization expense for the year ended December 31, 2014 was $29,000. Future amortization expense is as follows:

Year Ending December 31,		
2015	$	29,000
2016		29,000
2017		29,000
2018		29,000
2019		29,000
Thereafter		55,583
	$	200,583

Note 4 - Advances from Stockholder

The Company has outstanding amounts due to its stockholder. The advances are non-interest bearing and are due on demand.

Note 5 - Commitments and Contingencies

Operating Leases

The Company leases facilities under non-cancelable operating leases. Rent expense for the year ended December 31, 2014 was $108,912.

Future minimum lease payments under these leases are approximately as follows:

Year Ending December 31,		
2015	$	101,000
2016		103,000
2017		105,000
2018		75,000
2019		28,000
	$	412,000

Note 5 - Commitments and Contingencies (continued)

Litigation

In the normal course of business, the Company is party to litigation from time to time. The Company maintains insurance to cover certain actions and believes that resolution of such litigation will not have a material adverse effect on the Company.

Exhibit 99.2

THE JOINT CORP.
UNAUDITED PRO FORMA FINANCIAL INFORMATION

On March 6, 2015, we completed our repurchase of nine franchises, which consisted of two developed franchises and seven undeveloped franchises, from The Joint San Gabriel Valley Group, Inc. ("San Gabriel") for a purchase price of $300,000, consisting of $270,000 paid in cash and a $30,000 note issued to the seller. The purchase price has been initially allocated to the underlying assets, including the identifiable intangible assets, based on the Company's estimate of fair values and remaining economic lives. The purchase price allocation is subject to change when final valuations are obtained. The excess of the purchase price over the net of the amounts assigned to tangible and identifiable intangible assets acquired and liabilities assumed is recognized as goodwill, and as a result will be subject to the annual impairment test.

The following unaudited pro forma combined condensed financial statements reflect the acquisition using the acquisition method of accounting. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable. The pro forma adjustments are preliminary and have been prepared to illustrate the estimated effect of the acquisition. Final adjustments may differ from the pro forma adjustments presented herein. The unaudited pro forma combined condensed financial statements are based on historical results and do not include any adjustments to reflect expected future cost savings from consolidation and efficiencies or the effects of any other cost reduction actions, nor do these statements include any pro forma adjustments relating to costs of integration that the combined company may incur, as such adjustments would be forward-looking.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2014 illustrates the effect of the acquisition of San Gabriel as if it had occurred on January 1, 2014, and was derived from the historical audited statements of operations for San Gabriel, combined with The Joint Corp.'s historical audited statements of operations for the year ended December 31, 2014.

The unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2015 illustrates the effect of the acquisition of San Gabriel as if it had occurred on January 1, 2015, and was derived from the historical unaudited statements of operations for San Gabriel, combined with The Joint Corp.'s historical unaudited statements of operations for the three months ended March 31, 2015.

The historical consolidated financial information has been adjusted to give effect to pro forma events that are (i) directly attributable to the acquisition, (ii) factually supportable, and (iii) with respect to the statement of operations, expected to have a continuing impact on the combined results.

Intercompany transactions between the Joint Corp. and San Gabriel have been eliminated within the condensed combined statements of operations. The assumptions used to prepare the pro forma financial information are contained in the notes to the unaudited pro forma combined condensed financial statements.

The unaudited pro forma combined condensed financial statements should be read in conjunction with the historical audited financial statements and notes thereto of The Joint Corp. in its Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 20, 2015, the historical unaudited financial statements and notes thereto of The Joint Corp. contained in its March 31, 2015 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 15, 2015, and the historical audited financial statements as of and for the year ended December 31, 2014 and notes thereto of San Gabriel which are included as Exhibit 99.1 to this Current Report on Form 8-K/A.

Pro forma adjustments for the acquisition are based upon preliminary estimates, available information and certain assumptions that management of the Company deem appropriate. Final adjustments may differ from the pro forma adjustments presented herein. Any changes to the initial estimates of the fair value of the assets and liabilities will be recorded as adjustments to those assets and liabilities, and residual amounts will be allocated to goodwill.

The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have occurred if we had operated San Gabriel or if the acquisition had occurred as of the date or during the period presented, nor is it necessarily indicative of future operating results or financial position.

Certain reclassifications have been made from San Gabriel's financial statements to conform with the presentation of The Joint Corp.'s financial statements.

THE JOINT CORP.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2014

	Year Ended December 31, 2014					
	Historical The Joint Corp.	**Historical The Joint San Gabriel Valley Group, Inc.**	**Pro Forma Adjustments**	**Pro Forma Adjustments**	**Pro Forma Adjustments**	**Pro Forma Combined**
Revenues:						
Royalty fees	$ 3,194,286	$ -	$ (11,265)(a)	$ -	$ -	3,183,021
Franchise fees	1,933,500	-	(29,000)(b)	-	-	1,904,500
Revenues and management fees from company clinics	-	55,030	-	-	-	55,030
Regional developer fees	478,500	-	-	-	-	478,500
IT related income and software fees	840,825	-	(8,750)(c)	-	-	832,075
Advertising fund revenue	459,493	-	-	-	-	459,493
Other income	210,058	-	-	-	-	210,058
Total revenues	7,116,662	55,030	(49,015)	-	-	7,122,677
Cost of revenues:						
Franchise cost of revenues	2,081,382	-	-	-	-	2,081,382
IT cost of revenues	165,057	-	-	-	-	165,057
Total cost of revenues	2,246,439	-	-	-	-	2,246,439
Selling and marketing expenses	1,188,016	25,305	-	-	(3,638)(g)	1,209,683
Depreciation and amortization	210,123	83,799	10,571(d)	(29,000)(e)	(13,159)(g)	262,334
General and administrative expenses	5,098,793	445,643	(11,265)(a)	(8,750)(c)	(93,708)(g)	5,430,713
Total selling, general and administrative expenses	6,496,932	554,747	(694)	(37,750)	(110,505)	6,902,730
Loss from operations	(1,626,709)	(499,717)	(48,321)	37,750	110,505	(2,026,492)
Other expense	(64,075)	-	-	-	-	(64,075)
Loss before income taxes	(1,690,784)	(499,717)	(48,321)	37,750	110,505	(2,090,567)
Income tax expense	(1,340,436)	-	-(f)	-	-	(1,340,436)
Net loss	$ (3,031,220)	$ (499,717)	$ (48,321)	$ 37,750	$ 110,505	$ (3,431,003)
Loss per share:						
Basic and diluted loss per share	$ (0.56)					$ (0.63)
Weighted average common shares outstanding	5,451,851					5,451,851

See accompanying notes to the unaudited pro forma financial information.

THE JOINT CORP.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Three Months Ended March 31, 2015

	Three Months Ended March 31, 2015					
	Historical The Joint Corp.	**Historical The Joint San Gabriel Valley Group, Inc.**	**Pro Forma Adjustments**	**Pro Forma Adjustments**	**Pro Forma Adjustments**	**Pro Forma Combined**
Revenues:						
Royalty fees	$ 1,015,513	$ -	$ (3,845)(a)	$ -	$ -	$ 1,011,668
Franchise fees	348,000	-	-	-	-	348,000
Revenues and management fees from company clinics	387,453	34,041	-	-	(907)(g)	420,587
Regional developer fees	217,500	-	-	-	-	217,500
IT related income and software fees	203,975	-	(1,100)(c)	-	-	202,875
Advertising fund revenue	285,516	-	-	-	-	285,516
Other income	49,941	-	-	-	-	49,941
Total revenues	2,507,898	34,041	(4,945)	-	(907)	2,536,087
Cost of revenues:						
Franchise cost of revenues	507,566	-		-	-	507,566
IT cost of revenues	37,695	-		-	-	37,695
Total cost of revenues	545,261	-	-	-	-	545,261
Selling and marketing expenses	967,024	5,575		-	(1,798)(g)	970,801
Depreciation and amortization	122,596	16,806	2,643(d)	(4,833)(e)	(4,954)(g)	132,258
General and administrative expenses	2,788,240	125,117	(3,845)(a)	(1,100)(c)	(34,038)(g)	2,874,374
Total selling, general and administrative expenses	3,877,860	147,498	(1,202)	(5,933)	(40,790)	3,977,433
Loss from operations	(1,915,223)	(113,457)	(3,743)	5,933	39,883	(1,986,607)
Other income	11,500	22,724	-	-	-	34,224
Loss before income taxes	(1,903,723)	(90,733)	(3,743)	5,933	39,883	(1,952,383)
Income taxes	-	-	-(f)	-	-	-
Net loss	$ (1,903,723)	$ (90,733)	$ (3,743)	$ 5,933	$ 39,883	$ (1,952,383)
Loss per share:						
Basic and diluted loss per share	$ (0.20)					$ (0.20)
Weighted average common shares outstanding - basic	9,662,502					9,662,502

See accompanying notes to the unaudited pro forma financial information.

THE JOINT CORP
NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Basis of Presentation

The unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2015 and for the year ended December 31, 2014 are based on the historical financial statements of The Joint Corp. and San Gabriel, after giving effect to our acquisition of San Gabriel on March 6, 2015, and after applying the assumptions, reclassifications and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements of The Joint Corp included in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, and the historical financial statements of San Gabriel, included herein.

The unaudited pro forma condensed combined financial statements have been presented for informational purposes only. The unaudited pro forma condensed combined financial statements are not intended to represent or be indicative of what the combined company's results of operations or financial position that would have reported had the acquisition been completed as of the dates presented, and should not be taken as a representation of the combined company's future consolidated results of operations or financial position.

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting. As such, identifiable assets acquired and liabilities assumed are recognized at fair value as of the acquisition date. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net amounts of the identifiable assets acquired and the liabilities assumed.

The unaudited pro forma condensed combined financial statements do not reflect any adjustments for restructuring activities or expected operating efficiencies or cost savings that may be achieved with respect to the combined companies or the costs necessary to achieve such restructuring activities, cost savings and operating synergies.

2. Estimate of Assets Acquired

On March 6, 2015, we completed our repurchase of nine franchises from San Gabriel for a purchase price of $300,000. At the time of the transaction, The Joint Corp. carried a deferred revenue balance of $203,000, representing franchise fees collected upon the execution of the franchise agreements, and deferred franchise costs of $107,100, all of which is related to the seven unopened franchises. In accordance with ASC 952-605, The Joint Corp. accounted for the franchise rights associated with the unopened franchises as a cancellation, and the respective deferred revenue and deferred franchise costs were netted against the aggregate purchase price. The resulting $204,100 was accounted for as consideration paid for the acquisition of the two developed franchises.

The purchase price allocation for this acquisition is preliminary and subject to further adjustment upon finalization of the opening balance sheet. The $204,100 of net consideration paid to acquire the two developed franchises was allocated to assets as follows:

Property and equipment	$	150,000
Intangible assets		34,000
Goodwill		20,100
Total assets acquired	$	204,100

Intangible assets consist of reacquired franchise rights of $18,000 and customer relationships of $16,000 and will be amortized over their estimated useful lives of seven years and two years, respectively. These preliminary estimates of fair value and useful lives could be different from the final acquisition accounting, and the difference could have a material impact on The Joint Corp.'s consolidated financial statements. The combined effect of any such changes could also result in a significant increase or decrease to The Joint Corp.'s estimate of associated amortization expense within the accompanying condensed combined statements of operations.

3. Description of Pro Forma Adjustments

a) Adjustment to eliminate royalty fees paid to The Joint Corp. from San Gabriel that are intercompany in nature on a combined basis.

b) Adjustment to eliminate franchise fees recognized by The Joint Corp. that are intercompany in nature on a combined basis.

c) Adjustment to eliminate software fees paid to The Joint Corp. from San Gabriel that are intercompany in nature on a combined basis.

d) Adjustment to recognize the amortization of intangible assets of reacquired franchise rights and customer relationships arising from the acquisition, which are being amortized over useful lives of seven and two years, respectively.

e) Adjustment to eliminate San Gabriel's amortization of franchise fees which are intercompany in nature on a combined basis.

f) No pro forma adjustment to income taxes was made to the condensed combined statements of operations, as any income tax benefit generated would be fully reserved for, resulting in a net zero impact to income taxes.

g) Adjustment to eliminate activity associated with the franchised clinic held by San Gabriel, which was not acquired by The Joint Corp.