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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

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

Date of report (date of earliest event reported): August 15, 2019

The Joint Corp.

(Exact name of registrant as specified in its charter)

Delaware (State or other juris- diction of incorporation)	001-36724 (Commission file number)	90-0544160 (IRS employer identification number)

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

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

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligations 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Securities registered under Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 Par Value Per Share	JYNT	The NASDAQ Capital Market LLC

Item 2.01 Completion of Acquisition or Disposition of Assets.

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 August 19, 2019 ("August Form 8-K"). The August Form 8-K reported under Item 2.01 that the Company had completed its repurchase of one operating franchise, located in Chula Vista, California, which was accomplished pursuant to an Asset and Franchise Purchase Agreement (the "Purchase Agreement") among the Company, Well Adjusted Ventures, LLC, a California limited liability company ("Seller"), and Jim Burbach (the "Shareholder").

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 August 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 August Form 8-K is being made by this Form 8-K/A. The information previously reported in or filed with the August 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 consolidated financial statements of the Seller as of December 31, 2018, and December 31, 2017 and for the years ended December 31, 2018 and 2017, and accompanying notes, and the unaudited condensed consolidated financial statements of the Seller as of June 30, 2019 and December 31, 2018 and for the three and six months ended June 30, 2019 and 2018 are attached hereto as Exhibit 99.1 and 99.2, respectively, and are incorporated by reference into this Form 8-K/A.

(b)(1) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial statements of the Company as of June 30, 2019 and for the six months ended June 30, 2019 and the year ended December 31, 2018, and accompanying notes, are attached hereto as Exhibit 99.3 and are incorporated by reference into this Form 8-K/A.

(d) Exhibits.

Exhibit No.	Description
99.1	Audited Consolidated Financial Statements of the Seller as of December 31, 2018, and December 31, 2017 and for the years ended December 31, 2018 and 2017
99.2	Unaudited Condensed Consolidated Financial Statements of the Sellers as of June 30, 2019 and December 31, 2018 and for the three and six months ended June 30, 2019 and 2018
99.3	Unaudited Pro Forma Condensed Combined Financial Statements of the Company as of June 30, 2019 and for the six months ended June 30, 2019 and the year ended December 31, 2018

Signature

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.

Date: October 24, 2019.

The Joint Corp.

By /s/ Peter D. Holt
Peter D. Holt
President and Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
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99.2	Unaudited Condensed Consolidated Financial Statements of the Seller as of June 30, 2019 and December 31, 2018 and for the three and six months ended June 30, 2019 and 2018
99.3	Unaudited Pro Forma Condensed Combined Financial Statements of the Company as of June 30, 2019 and for the six months ended June 30, 2019 and the year ended December 31, 2018

Well Adjusted Venture, LLC and Affiliate

Consolidated Financial Statements
as of December 31, 2018, and December 31, 2017 and
for the years ended December 31, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors and Member
Well Adjusted Ventures, LLC

We have audited the accompanying consolidated financial statements of Well Adjusted Ventures, LLC (the "Company"), which are comprised of the consolidated balance sheets as of December 31, 2018 and 2017 and the related consolidated statements of operations, member’s equity, and cash flows for each of the years 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 consolidated 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditor’s 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 auditor considers 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Well Adjusted Ventures, LLC as of December 31, 2018 and 2017 and the results of their operations and their cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

Plante & Moran, PLLC

October 24, 2019
Denver, Colorado

WELL ADJUSTED VENTURE LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,526	$ 21,912
Total current assets	19,526	21,912
Property and equipment, net	30,368	42,091
Franchise fees, net	10,875	13,775
Deposits and other assets	11,250	12,539
Total assets	$ 72,019	$ 90,317
LIABILITIES AND MEMBERS' DEFICIT		
Current liabilities:		
Deferred revenue	$ 68,895	$ 66,470
Other current liabilities	19,798	31,845
Total current liabilities	88,693	98,315
Other liabilities	-	1,061
Total liabilities	88,693	99,376
Commitments and contingencies (Note 4)		
Members' deficit	(16,674)	(9,059)
Total liabilities and members' deficit	$ 72,019	$ 90,317

The accompanying notes are an integral part of these consolidated financial statements

WELL ADJUSTED VENTURE LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2018	**2017**
Revenues:		
Revenues	$ 509,662	$ 442,924
Expenses:		
Selling and marketing expenses	10,380	9,213
Depreciation and amortization	15,500	16,908
General and administrative expenses	369,304	333,473
Total selling, general and administrative expenses	395,184	359,594
Income from operations	114,478	83,330
Other expense, net	(7,204)	(10,651)
Net income and comprehensive income	$ 107,274	$ 72,679

The accompanying notes are an integral part of these consolidated financial statements

WELL ADJUSTED VENTURE LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2018	**2017**
Cash flows from operating activities:		
Net income	$ 107,274	$ 72,679
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,500	16,908
Changes in operating assets and liabilities:		
Deposits and other assets	1,289	-
Other liabilities	(13,106)	(25,397)
Deferred revenue	2,424	13,086
Net cash provided by operating activities	113,381	77,276
Cash flows from investing activities:		
Purchase of property and equipment	(878)	-
Net cash used in investing activities	(878)	-
Cash flows from financing activities:		
Distributions to members	(114,889)	(68,244)
Net cash used in financing activities	(114,889)	(68,244)
(Decrease) increase in cash	(2,386)	9,032
Cash, beginning of period	21,912	12,880
Cash, end of period	$ 19,526	$ 21,912

The accompanying notes are an integral part of these consolidated financial statements

WELL ADJUSTED VENTURE LLC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

	Total members' deficit
Balances, January 1, 2017	$ (13,494)
Distributions to members	(68,244)
Net income	72,679
Balances, December 31, 2017	$ (9,059)
Distributions to members	(114,889)
Net income	107,274
Balances, December 31, 2018	$ (16,674)

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Well Adjusted Venture LLC and Sahagun Chiropractic Corporation (collectively, the "Company") was formed for the purpose of operating a franchise for The Joint Corp. ("The Joint"), a franchisor that specializes in providing affordable, convenient, and accessible chiropractic care through licensed chiropractic professionals.

On August 15, 2019, Well Adjusted Venture LLC entered into an agreement with The Joint in which it sold substantially all of the assets of the developed franchise and terminated its franchise rights under the franchise agreement for consideration of $325,000.

Basis of Presentation

The preparation of the Company's accompanying financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses and other (expenses) income that are reported in the financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates.

Basis of Consolidation

The audited consolidated financial statements include the results of Well Adjusted Venture LLC and the professional corporation, Sahagun Chiropractic Corporation, a California professional service corporation (the "PC"). All intercompany balances and transactions have been eliminated upon consolidation.

Variable Interest Entities (VIE)

The Company does not own its chiropractic practice, as California is one of the states that regulate the practice of chiropractic care and require that chiropractic services be provided by legal entities organized under state laws as professional corporations. As such, the Company entered into a long-term management agreement with the PC which is owned by the licensed chiropractor, which, in turn, employ or contract with chiropractors who provide professional chiropractic cares in the Company's clinic. The management agreement has terms that provide for the Company to conduct, supervise, and manage the day-to-day non-clinical operations of the clinic and provide all management and administrative services. The Company receives a fixed management fee for these services. Based on the provisions of the agreement, the Company has determined that it has the power to control certain significant non-clinical activities of the PC. Accordingly, the PC is a VIE for which the Company is the primary beneficiary and must consolidate the VIE as defined by Accounting Standards Codification 810 – Consolidations.

Comprehensive Income

Net income and comprehensive income are the same for the years ended December 31, 2018 and 2017.

Cash and Cash Equivalents

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 credit quality of, the financial institutions with which it invests. The Company had no cash equivalents as of December 31, 2018 and 2017.

Franchise Fees

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

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over estimated useful lives of three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

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 estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. No impairments of long-lived assets were recorded for the years ended December 31, 2018 and 2017.

Revenue Recognition

The Company earns revenues from clinics that it owns and operates, and revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed.

Royalties and Advertising Fees

Pursuant to the franchise agreements, the Company is required to pay royalties and advertising fees to The Joint based on a percentage of sales, including 7% for royalties and 2% for advertising fees. Total royalties and advertising fees for the years ended December 31, 2018 and 2017 were $46,708, and $41,456, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2018 and 2017 were $10,380, and $9,213, respectively.

Income Taxes

The Company has elected to be treated as a limited liability company for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of the members, 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 members rather than on the Company. Accordingly, there would be no effect on the Company's financial statements.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the Company is a party, under which the Company has an obligation arising under a guarantee contract, derivative instrument or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

As of December 31, 2018, and 2017, the member of the Company had an outstanding loan of $47,337, and $173,086, respectively, with a lender where the member had agreed to provide a pledge of 100% interest in the Company as a security against the moneys owed. The lender has since agreed to remove the lien and the clinic is unencumbered as of October 22, 2019.

Recent Accounting Pronouncements

Newly Issued Accounting Standards Not Yet Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09 - Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The standard also calls for additional disclosures around the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard becomes effective for the Company as of the acquisition date by The Joint.

In February 2016, the FASB issued the guidance of Accounting Standards Codification 842 – Leases. The new guidance will require lessees to recognize a right-of-use asset and a lease liability for virtually all leases, other than leases with a term of 12 months or less, and to provide additional disclosures about leasing arrangements. The Company will adopt this standard using the modified retrospective approach. The Company is still finalizing its adoption procedures, but it anticipates that the adoption of this standard will result in the recognition of additional right-of-use assets and lease liabilities for minimum commitments under noncancelable operating leases of approximately $210,000 as of the date of adoption.

The Company reviewed other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements upon future adoption.

Note 2: Property and Equipment

Property and equipment consist of the following:

	December 31, 2018	December 31, 2017
Leasehold improvements	$ 56,180	$ 56,180
Furniture and fixtures	30,540	29,662
Office equipment	7,240	7,240
	93,960	93,082
Less accumulated depreciation	(63,592)	(50,991)
Total property and equipment, net	$ 30,368	$ 42,091

Depreciation expense was $12,600 and $14,008 for the years ended December 31, 2018, and 2017, respectively.

Note 3: Franchise fees

Franchise fees consist of the following:

	December 31, 2018	December 31, 2017
Franchise fee	$ 29,000	$ 29,000
Less accumulated amortization	(18,125)	(15,225)
Franchise fee, net	$ 10,875	$ 13,775

Amortization expense related to the Company's franchise fees were $2,900 and $2,900 for the years ended December 31, 2018 and 2017, respectively.

Estimated amortization expense for 2019 and subsequent years is as follows:

Future amortization expense	
2019	$ 2,900
2020	2,900
2021	2,900
2022	2,175
Total	$ 10,875

Note 4: Commitments and Contingencies

The Company leases facilities under non-cancelable operating leases. Rent expenses for the years ended December 31, 2018 and 2017 were $56,089 and $59,991, respectively.

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

Future minimum lease payments		
2019	$	48,668
2020		51,534
2021		53,080
2022		54,672
2023		56,313
Thereafter		14,181
Total	$	278,448

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.

Well Adjusted Venture, LLC and Affiliate

Consolidated Condensed Financial Statements
as of June 30, 2019 and December 31, 2018 and
for the three and six months ended June 30, 2019 and 2018

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WELL ADJUSTED VENTURE LLC AND AFFILIATE
CONDENSED STATEMENTS OF FINANCIAL POSITIONS

	(Unaudited) June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,350	$ 19,526
Total current assets	1,350	19,526
Property and equipment, net	24,593	30,368
Franchise fees, net	9,425	10,875
Deposits and other assets	10,605	11,250
Total assets	$ 45,973	$ 72,019
LIABILITIES AND MEMBERS' DEFICIT		
Current liabilities:		
Deferred revenue	67,407	$ 68,895
Other current liabilities	20,316	19,798
Total current liabilities	87,723	88,693
Other liabilities	-	-
Total liabilities	87,723	88,693
Commitments and contingencies (Note 4)		
Members' deficit	(41,750)	(16,674)
Total liabilities and members' deficit	$ 45,973	$ 72,019

The accompanying notes are an integral part of these consolidated financial statements

WELL ADJUSTED VENTURE LLC AND AFFILIATE
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenues:				
Revenues	$ 109,332	$ 130,993	$ 218,275	$ 250,962
Expenses:				
Selling and marketing expenses	3,266	1,466	6,485	2,705
Depreciation and amortization	3,350	3,875	7,225	7,750
General and administrative expenses	83,875	86,267	189,932	181,845
Total selling, general and administrative expenses	90,491	91,608	203,642	192,300
Income from operations	18,841	39,385	14,633	58,662
Other expense, net	(3,033)	(2,460)	(6,009)	(5,211)
Net income and comprehensive income	$ 15,808	$ 36,925	$ 8,624	$ 53,451

The accompanying notes are an integral part of these consolidated financial statements

WELL ADJUSTED VENTURE LLC AND AFFILIATE
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income	$ 8,624	$ 53,451
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,225	7,750
Deposits and other assets	644	-
Other liabilities	520	(1,530)
Deferred revenue	(1,489)	4,296
Net cash provided by operating activities	15,524	63,967
Cash flows from investing activities:		
Purchase of property and equipment	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Distributions to owners	(33,700)	(67,734)
Net cash used in financing activities	(33,700)	(67,734)
Decrease in cash	(18,176)	(3,767)
Cash, beginning of period	19,526	21,912
Cash, end of period	$ 1,350	$ 18,145

The accompanying notes are an integral part of these consolidated financial statements

WELL ADJUSTED VENTURE LLC AND AFFILIATE
CONDENSED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
(Unaudited)

	Total members' deficit
Balances, December 31, 2017	$ (9,059)
Distributions to owners	(67,734)
Net income	53,451
Balances, June 30, 2018	$ (23,342)
Balances, December 31, 2018	$ (16,674)
Distributions to owners	(33,700)
Net income	8,624
Balances, June 30, 2019	$ (41,750)

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Well Adjusted Venture LLC and Sahagun Chiropractic Corporation (collectively, the "Company") was formed for the purpose of operating a franchise for The Joint Corp. ("The Joint"), a franchisor that specializes in providing affordable, convenient, and accessible chiropractic care through licensed chiropractic professionals.

On August 15, 2019, Well Adjusted Venture LLC entered into an agreement with The Joint in which it sold substantially all of the assets of the developed franchise and terminated its franchise rights under the franchise agreement for consideration of $325,000.

Basis of Presentation

The preparation of the Company's accompanying financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses and other (expenses) income that are reported in the financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates.

Basis of Consolidation

The audited consolidated financial statements include the results of Well Adjusted Venture LLC and the professional corporation, Sahagun Chiropractic Corporation, a California professional service corporation (the "PC"). All intercompany balances and transactions have been eliminated upon consolidation.

Variable Interest Entities (VIE)

The Company does not own its chiropractic practice, as California is one of the states that regulate the practice of chiropractic care and require that chiropractic services be provided by legal entities organized under state laws as professional corporations. As such, the Company entered into a long-term management agreement with the PC which is owned by the licensed chiropractor, which, in turn, employ or contract with chiropractors who provide professional chiropractic cares in the Company's clinic. The management agreement has terms that provide for the Company to conduct, supervise, and manage the day-to-day non-clinical operations of the clinic and provide all management and administrative services. The Company receives a fixed management fee for these services. Based on the provisions of the agreement, the Company has determined that it has the power to control certain significant non-clinical activities of the PC. Accordingly, the PC is a VIE for which the Company is the primary beneficiary and must consolidate the VIE as defined by Accounting Standards Codification 810 – Consolidations.

Comprehensive Income

Net income and comprehensive income are the same for the three and six months ended June 30, 2019 and 2018.

Cash and Cash Equivalents

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 credit quality of, the financial institutions with which it invests. The Company had no cash equivalents as of June 30, 2019 and December 31, 2018.

Franchise Fees

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

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over estimated useful lives of three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

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 estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. No impairments of long-lived assets were recorded for the three and six months ended June 30, 2019 and 2018.

Revenue Recognition

The Company earns revenues from clinics that it owns and operates, and revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed.

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 7% for royalties and 2% for advertising fees. Total royalties and advertising fees for the three and six months ended June 30, 2019 were $10,016, and $20,320, respectively. Total royalties and advertising fees for the three and six months ended June 30, 2018 were $12,073, and $23,184, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the three and six months ended June 30, 2019 were $3,266, and $6,485, respectively. Advertising expenses for the three and six months ended June 30, 2018 were $1,466, and $2,705, respectively.

Income Taxes

The Company has elected to be treated as a limited liability company for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of the members, 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 members rather than on the Company. Accordingly, there would be no effect on the Company's financial statements.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the Company is a party, under which the Company has an obligation arising under a guarantee contract, derivative instrument or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

As of June 30, 2019, and December 31, 2018, the member of the Company had an outstanding loan of $47,337, with a lender where the member had agreed to provide a pledge of 100% interest in the Company as a security against the moneys owed. The lender has since agreed to remove the lien and the clinic is unencumbered as of October 22, 2019.

Recent Accounting Pronouncements

Newly Issued Accounting Standards Not Yet Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09 - Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The standard also calls for additional disclosures around the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard becomes effective for the Company as of the acquisition date by The Joint.

In February 2016, the FASB issued the guidance of Accounting Standards Codification 842 – Leases. The new guidance will require lessees to recognize a right-of-use asset and a lease liability for virtually all leases, other than leases with a term of 12 months or less, and to provide additional disclosures about leasing arrangements. The Company will adopt this using the modified retrospective approach. The Company is still finalizing its adoption procedures, but it anticipates that the adoption of this standard will result in the recognition of additional right-of-use assets and lease liabilities for minimum commitments under noncancelable operating leases of approximately $210,000 as of the date of adoption.

The Company reviewed other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements upon future adoption.

Note 2: Property and Equipment

Property and equipment consist of the following:

	June 30, 2019	December 31, 2018
Leasehold improvements	$ 56,180	$ 56,180
Furniture and fixtures	30,540	30,540
Office equipment	7,240	7,240
	93,960	93,960
Less accumulated depreciation	(69,367)	(63,592)
Total property and equipment, net	$ 24,593	$ 30,368

Depreciation expense was $2,625 and $5,775 for the three and six months ended June 30, 2019, respectively.

Depreciation expense was $3,150 and $6,300 for the three and six months ended June 30, 2018, respectively.

Note 3: Franchise fees

Franchise fees consist of the following:

	June 30, 2019	December 31, 2018
Franchise fee	$ 29,000	$ 29,000
Less accumulated amortization	(19,575)	(18,125)
Franchise fee, net	$ 9,425	$ 10,875

Amortization expense related to the Company's franchise fees were $725 and $1,450 for the three and six months ended June 30, 2019, respectively.

Amortization expense related to the Company's franchise fees were $725 and $1,450 for the three and six months ended June 30, 2018, respectively.

Estimated amortization expense for the remainder of 2019 and subsequent years is as follows:

Future amortization expense		
2019 (remainder)	$	1,450
2020		2,900
2021		2,900
2022		2,175
Total	$	9,425

Note 4: Commitments and Contingencies

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.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS

On August 15, 2019, The Joint Corp. (the "Company") completed its purchase of one franchisee clinic, located in Chula Vista, California (the "acquisition"). The acquisition was accomplished pursuant to an Asset and Franchise Purchase Agreement (the "Purchase Agreement") among the Company, Well Adjusted Ventures, LLC, a California limited liability company ("Seller") and Jim Burbach (the "Shareholder"). The Company intends to own and operate the clinic. The total consideration for the acquisition was $325,000, of which $300,000 was paid in cash up front, and $25,000 is payable 90 calendar days after the closing date, each subject to certain adjustments. The Purchase Agreement was filed with the Securities and Exchange Commission (the "SEC") as an exhibit to the Company's Current Report on Form 8-K filed on August 19, 2019.

Included herein are the unaudited pro forma condensed combined financial statements, which are not necessarily indicative of what the Company's financial position or results of operations would have been had the Company completed the acquisition at the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the Company after the acquisition. The pro forma information is based on the assumptions, adjustments and eliminations described in the accompanying notes to the unaudited pro forma condensed combined financial statements, which form an integral part of the statements.

The following unaudited pro forma condensed combined financial statements combine the historical consolidated financial statements of the Company, and the historical financial statements of Well Adjusted Ventures, LLC and affiliate adjusted to give effect to the impact of the acquisition and related financing transactions. The unaudited pro forma condensed combined balance sheet presents the combined financial position giving effect to the acquisition and related financing transactions as if they had occurred on June 30, 2019. Because the Company acquired only certain assets from Well Adjusted Ventures, LLC, the Company have presented the acquisition of such assets in the pro forma adjustments column. The assets acquired were the assets that derived all of Well Adjusted Ventures, LLC's revenue, and therefore, the Company has included a sperate column for the combined statements of operations pro forma presentation. The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2019 and for the year ended December 31, 2018 present the combined results of operations as if the acquisition had occurred on January 1, 2018. These unaudited pro forma condensed combined financial statements have been prepared in accordance with Regulation S-X Article 11.

These unaudited pro forma condensed combined financial statements should be read in connection with:

- Separate historical financial statements of the Company as of and for the year ended December 31, 2018, which are incorporated by reference to its Annual Report on Form 10-K; and

- Separate historical financial statements of the Company as of and for the six months ended June 30, 2019, which are incorporated by reference to its Quarterly Report on Form 10-Q for the six months ended June 30, 2019.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
UNAUDITED PRO FORMA
CONDENSED COMBINED BALANCE SHEET

As of June 30, 2019

	The Joint Corp.	Pro Forma Adjustments	Pro Forma Condensed Combined
ASSETS			
Current assets:			
Cash and cash equivalents	$ 9,485,212	$ (260,000)(a)	$ 9,225,212
Restricted cash	129,220	-	129,220
Accounts receivable, net	1,033,479	-	1,033,479
Notes receivable - current portion	163,573	-	163,573
Deferred franchise costs - current portion	710,796	(1,530)(g)	709,266
Prepaid expenses and other current assets	887,676	-	887,676
Total current assets	12,409,956	(261,530)	12,148,426
Property and equipment, net	4,963,037	32,437(b)	4,995,474
Operating lease right-of-use asset	10,030,737	224,716(h)	10,255,453
Notes receivable, net of current portion	41,683	-	41,683
Deferred franchise costs, net of current portion	3,485,644	(3,303)(g)	3,482,341
Intangible assets, net	1,975,835	184,270(c)	2,160,105
Goodwill	3,225,145	96,747(d)	3,321,892
Deposits and other assets	337,379	-	337,379
Total assets	$ 36,469,416	$ 273,337	$ 36,742,753
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 1,199,341	$ -	$ 1,199,341
Accrued expenses	178,949	-	178,949
Co-op funds liability	129,220	-	129,220
Payroll liabilities	1,602,916	-	1,602,916
Notes payable - current portion	1,000,000	50,000(a)	1,050,000
Operating lease liability - current portion	1,827,233	35,272(h)	1,862,505
Finance lease liability - current portion	23,075	-	23,075
Deferred franchise revenue - current portion	2,697,669	(2,700)(f)	2,694,969
Deferred revenue from company clinics	2,677,782	22,282(e)	2,700,064
Other current liabilities	540,279	-	540,279
Total current liabilities	11,876,464	104,854	11,981,318
Operating lease liability - net of current portion	9,049,948	174,943(h)	9,224,891
Finance lease liability - net of current portion	46,826	-	46,826
Deferred franchise revenue, net of current portion	12,652,780	(6,460)(f)	12,646,320
Deferred tax liability	83,294	-	83,294
Other liabilities	27,230	-	27,230
Total liabilities	33,736,542	273,337	34,009,879
Commitments and contingencies			
Stockholders' equity:			
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 0 issued and outstanding, as of December 31, 2018 and 2017	-	-	-
Common stock	13,838	-	13,838
Additional paid-in capital	38,779,538	-	38,779,538
Treasury stock	(90,856)	-	(90,856)
Accumulated deficit	(35,969,746)	-	(35,969,746)
Total The Joint Corp. stockholders' equity	2,732,774	-	2,732,774
Non-controlling Interest	100	-	100
Total equity	2,732,874	-	2,732,874
Total liabilities and stockholders' equity	$ 36,469,416	$ 273,337	$ 36,742,753

The accompanying notes are an integral part of these financial statements

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
UNAUDITED PRO FORMA
CONDENSED COMBINED STATEMENTS OF OPERATIONS

Year Ended December 31, 2018

	The Joint Corp. (as adjusted)	Well Adjusted Venture LLC	Pro Forma Adjustments	Pro Forma Adjustments	Pro Forma Adjustments	Pro Forma Condensed Combined
Revenues:						
Revenues from company-owned or managed clinics	$ 19,545,276	$ 509,662	$ -	$ -	$ -	$ 20,054,938
Royalty fees	10,141,036	-	(46,708)(i)	-	-	10,094,328
Franchise fees	1,688,039	-	13,775(f)	(2,900)(j)	-	1,698,914
Advertising fund revenue	2,862,244	-	-	-	-	2,862,244
Software fees	1,290,135	-	(3,300)(k)	-	-	1,286,835
Regional developer fees	599,370	-	-	-	-	599,370
Other revenues	535,560	-	-	-	-	535,560
Total revenues	36,661,660	509,662	(36,233)	(2,900)	-	37,132,189
Cost of revenues:						
Franchise cost of revenues	3,956,530	-	5,738(g)	-	-	3,962,268
IT cost of revenues	353,719	-	-	-	-	353,719
Total cost of revenues	4,310,249	-	5,738	-	-	4,315,987
Selling and marketing expenses	4,819,555	10,380	-	-	-	4,829,935
Depreciation and amortization	1,556,240	15,500	71,551(c)	(2,900)(j)	13,775(f)	1,654,166
General and administrative expenses	25,238,121	369,304	-	(46,708)(i)	(3,300)(k)	25,557,417
Total selling, general and administrative expenses	31,613,916	395,184	71,551	(49,608)	10,475	32,041,518
Net loss on disposition or impairment	593,960	-	-	-	-	593,960
Income (loss) from operations	143,535	114,478	(113,522)	46,708	(10,475)	180,724
Other income (expense):						
Bargain purchase gain	13,198	-	-	-	-	13,198
Other expense, net	(47,765)	(7,204)	-	-	-	(54,969)
Total other expense	(34,567)	(7,204)	-	-	-	(41,771)
Income (loss) before income tax expense	108,968	107,274	(113,522)	46,708	(10,475)	138,953
Income tax benefit	37,728	-	-(l)	-	-	37,728
Net income (loss) and comprehensive income (loss)	$ 146,696	$ 107,274	$ (113,522)	$ 46,708	$ (10,475)	$ 176,681
Earnings per share:						
Basic earnings per share	$ 0.01					$ 0.01
Diluted earnings per share	$ 0.01					$ 0.01
Basic weighted average shares	13,669,107					13,669,107
Diluted weighted average shares	14,031,717					14,031,717

The accompanying notes are an integral part of these financial statements

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
UNAUDITED PRO FORMA
CONDENSED COMBINED STATEMENTS OF OPERATIONS

Six Months Ended June 30, 2019

	The Joint Corp.	Well Adjusted Venture LLC	Pro Forma Adjustments	Pro Forma Adjustments	Pro Forma Condensed Combined
Revenues:					
Revenues from company-owned or managed clinics	$ 11,416,365	$ 218,275	$ -	$ -	$ 11,634,640
Royalty fees	6,290,346	-	(20,320)(i)	-	6,270,026
Franchise fees	864,339	-	(1,450)(j)	-	862,889
Advertising fund revenue	1,819,367	-	-	-	1,819,367
Software fees	742,361	-	(1,650)(k)	-	740,711
Regional developer fees	384,381	-	-	-	384,381
Other revenues	332,197	-	-	-	332,197
Total revenues	21,849,356	218,275	(23,420)	-	22,044,211
Cost of revenues:					
Franchise cost of revenues	2,315,431	-	(765)(g)	-	2,314,666
IT cost of revenues	189,659	-	-	-	189,659
Total cost of revenues	2,505,090	-	(765)	-	2,504,325
Selling and marketing expenses	3,275,356	6,485	-	-	3,281,841
Depreciation and amortization	770,143	7,225	35,775(c)	(1,450)(j)	811,693
General and administrative expenses	13,780,566	189,932	(20,320)(i)	(1,650)(k)	13,948,528
Total selling, general and administrative expenses	17,826,065	203,642	15,455	(3,100)	18,042,062
Net loss on disposition or impairment	86,927	-	-	-	86,927
Income (loss) from operations	1,431,274	14,633	(38,110)	3,100	1,410,897
Other income (expense):					
Bargain purchase gain	19,298	-	-	-	19,298
Other expense, net	(26,771)	(6,009)	-	-	(32,780)
Total other expense	(7,473)	(6,009)	-	-	(13,482)
Income (loss) before income tax expense	1,423,801	8,624	(38,110)	3,100	1,397,415
Income tax expense	(8,896)	-	-(l)	-	(8,896)
Net income (loss) and comprehensive income (loss)	$ 1,414,905	$ 8,624	$ (38,110)	$ 3,100	$ 1,388,519
Earnings per share:					
Basic earnings per share	$ 0.10				$ 0.10
Diluted earnings per share	$ 0.10				$ 0.10
Basic weighted average shares	13,774,474				13,774,474
Diluted weighted average shares	14,390,320				14,390,320

The accompanying notes are an integral part of these financial statements

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES

NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS

Note 1: ***Background and Basis of Presentation***

On August 1, 2019, the Company completed its purchase of one franchisee clinic, Well Adjusted Ventures, LLC, for $325,000, which consisted of $300,000 paid in cash (less $15,000 of certain adjustment as defined by the Purchase Agreement) and a $25,000 note issued to the seller.

The historical condensed financial statements have been adjusted in the unaudited pro forma condensed combined financial information to give effect to pro forma events that are i) directly attributable to the acquisition and related financing transactions, ii) factually supportable and iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results following the acquisition.

The unaudited pro forma condensed combined financial statements are not necessarily indicative of what the Company's financial position or results of operations would have been had the Company completed the acquisition and related financing transactions at the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the Company after the acquisition. The pro forma information is based on the assumptions, adjustments and eliminations described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The pro forma adjustments are preliminary and are subject to change as more information becomes available and after final analysis of fair values of tangible and intangible assets acquired and liabilities assumed are complete. A final determination of the fair value for certain assets and liabilities will be completed as soon as the information necessary to complete the analysis is obtained, but no later than one year from the acquisition date. Differences between all preliminary estimates included herein and the final acquisition accounting may occur and these differences could be material.

Note 2: ***Estimate of Assets Acquired***

The acquisition will be accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification 805 - Business Combinations ("ASC 805"), which requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded to goodwill.

The total purchase price for the transaction to acquireWell Adjusted Ventures , LLC was $310,000 less the recognition of $4,328 of net deferred revenue associated withWell Adjusted Ventures, LLC, resulting in total purchase consideration of $305,672. Total purchase price consideration was allocated to assets as follows:

Property and equipment	$	32,437
Intangible assets		184,270
Operating lease right-of-use asset		224,716
Operating lease liability - current portion		(35,272)
Operating lease liability - net of current portion		(174,944)
Deferred revenue		(22,282)
Total net assets acquired		208,925
Goodwill		96,747
Net purchase price	$	305,672

The pro forma purchase price allocation is subject to further adjustment as additional information becomes available and analyses are completed. The final allocation of amounts to assets acquired and liabilities assumed could differ materially from the preliminary amounts presented in these unaudited pro forma condensed combined financial statements. A decrease in the fair value of assets acquired or an increase in the fair value of liabilities assumed from the preliminary valuations presented in these unaudited pro forma condensed combined financial statements would likely result in a dollar-for-dollar corresponding increase in the amount of goodwill that will result from the acquisition. In addition, if the value of the acquired assets is higher than the preliminary indication, it may result in higher amortization and depreciation expense than is presented in these unaudited pro forma condensed combined financial statements.

Intangible assets consist of reacquired franchise rights of $123,505 and customer relationships of $60,765 and will be amortized over their estimated useful lives of three 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 Company's consolidated financial statements.

Note 3: Pro forma adjustments

(a) Adjustment to cash and note payable in connection with the purchase consideration paid.

(b) Adjustment to record property, plant and equipment at the preliminary fair market value which consisted of leasehold improvement of $32,437 to be depreciated over approximately five years.

(c) Adjustment to record intangible assets and the related additional amortization expense. Intangible assets consist of reacquired franchise rights of $123,505 amortized over an estimated useful life of three years and customer relationships of $60,765 amortized over an estimated useful life of two years.

(d) Adjustment to record goodwill as a result of the acquisition. Goodwill represents the excess of the consideration transferred over the preliminary fair value of the assets acquired and liabilities assumed as described in Note 2. The goodwill will not be amortized, but instead will be tested for impairment annually and whenever events and circumstances have occurred that may indicate a possible impairment exists. In the event management determines that the value of goodwill has become impaired, the Company will incur an accounting charge for the amount of the impairment during the period in which the determination is made.

(e) Adjustment to record deferred revenue related to the wellness packages sold by Well Adjusted Ventures, LLC as a result of the acquisition.

(f) Adjustment to eliminate deferred franchise revenue related to Well Adjusted Ventures, LLC.

(g) Adjustment to eliminate deferred franchise costs and related amortization expense associated with Well Adjusted Ventures, LLC.

(h) Adjustment to record the impact of the adoption of Accounting Standards Codification 842 – Leases related to assumed leases, resulting in a preliminary estimated fair value of acquired right of use lease assets of $224,716 (including the impact of favorable leases assumed), assumed short-term lease liabilities of $35,272, and long-term lease liabilities of $174,944.

(i) Adjustment to eliminate royalty fees (including advertising fee) paid to the Company byWell Adjusted Ventures, LLC that are intercompany in nature on a combined basis.

(j) Adjustment to eliminate franchise fees recognized by the Company that are intercompany in nature on a combined basis.

(k) Adjustment to eliminate software fees paid to the Company byWell Adjusted Ventures, LLC that are intercompany in nature on a combined basis.

(l) 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.