FOUNDING MEMBER PROSPECTUS · SEPTEMBER 2026

A practitioner-owned Heal EastWest

An invitation to co-own the clinic's shared services. You keep billing your patients. You pay a monthly share of real costs. If that bill was too high, the extra comes back.

1 · Why we're changing

Under a traditional 60/40 or 70/30 split, practitioner fees fund overhead **and** an owner's profit, far beyond the clinic's real cost to operate. Each practitioner already bills their own patients. That does not change. What changes is the clinic payment: members pay their share of actual shared costs, and the rest of what they collect stays in their practice.

2 · The financial model

You bill and collect through your own practice, as you do today. The co-op does not collect patient fees, does not pay you, and does not take a percentage of billings. It invoices you for shared costs: rent, front desk, software, utilities, insurance, and fees. The figures below are **illustrative** at an example volume and will be confirmed against a real overhead model before you commit.

MONTHLY	TRADITIONAL 60/40	CO-OP (AT COST)
You collect	$10,000	$10,000
Paid to the clinic	$4,000 (40% of billings)	~$2,000 (FT share of cost, illustrative)
Left in your practice	**$6,000**	**$8,000**

Worked at the $10,000/mo average, for an FT share. "~$2,000" is a placeholder until rent, front desk, software, utilities, insurance, and card fees are modeled. A PT share is about one-third (~$670). If real overhead is higher, the gap versus 60/40 shrinks. Annualized, the illustrative FT gap is about $24,000 ($72,000 on 60/40, $96,000 in the co-op example).

3 · The member share (buy-in)

- **Full-time $3,333. Part-time $1,111.** One-time capital contribution. The monthly cost share uses the same 3:1 ratio.

- About **10 practitioners**. Reserve = $3,333 × FT count + $1,111 × PT count. Ten FT would be $33,330. Each PT instead of an FT lowers that by $2,222.
- At the illustrative FT gap of ~$2,000/mo, the $3,333 buy-in is about **1.7 months** of savings. That is not a return of the buy-in. The buy-in stays equity until exit.
- **Refundable equity:** repurchased at face value on exit in good standing, subject to the bylaws and the co-op's cash position. One member, one vote, either tier.

4 · If the monthly bill was too high

There is no year-end bonus and no split of your patient fees. You already keep those. Once a year the co-op compares what members paid with what the clinic actually spent. If the monthly bills were too high, the extra comes back in proportion to what you paid. Part-time members paid less, so their refund is smaller. If the bills matched cost, the refund is zero.

The legal name for that refund is a **patronage dividend**. At least 20% is cash. The clinic may hold the rest as your money until you leave. You owe tax on the held part too, not only on the cash. A CPA sets the split before anyone joins.

5 · Tax treatment

- **Clinical income stays put.** You bill patients and report that income on your own return. The co-op is not your employer and does not pay you a wage.
- **No double tax on a cost refund.** If one is paid, the co-op deducts it and you include it. It is clinic money you already paid, not a second income.
- **No new tax benefit on patient receipts.** QBI, if you have it, comes from your own practice and still follows the health-practice limits.

> **Not tax or legal advice.** Counsel and a cooperative CPA will review the entity and the patronage true-up before any member funds a share. Ask your own advisor about your practice return.

6 · Governance

- **One member, one vote** on budget, lease, shared hiring, and admitting new members.
- Each member joins one operating committee (~2–4 hours/month): Facilities & Supplies · Marketing & Community · Tech & Systems.
- Open books — members see where the money goes.

7 · The space

Clinic stability rests on location. The master lease is held in a separate single-member LLC and subleased to the co-op at fair market rate. The co-op gets guaranteed location stability; no practitioner personally guarantees a multi-year commercial lease.

8 · Risks & what to verify

- Income figures are illustrative and depend on your volume and the final overhead model.
- Your clinical tax treatment does not move into the co-op. Tax on a cost refund applies only if the monthly bills were too high, and it applies to any part of that refund the clinic holds until you leave.
- The refundable share is repurchased subject to bylaws terms and co-op cash position.
- The working model is a California services cooperative. Counsel confirms the entity. The co-op does not render professional services.
- The transition timing depends on resolving the current ownership structure.

9 · Next steps

- Review this prospectus and the member FAQ; bring questions to a 1:1 or the Q&A session.
- Give a **soft commitment** — no money changes hands until the entity is formed and every number is confirmed.
- Counsel and a CPA finalize entity, bylaws, and tax treatment; then shares are issued and the co-op opens.