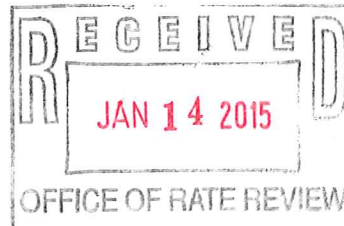


Rehabilitation Medicine Associates, PC d/b/a/ Alaska Spine Institute
3801 University Lake Drive
Anchorage, Alaska 99508

January 14, 2015



Alexandria Hicks
Certificate of Need Coordinator
Department of Health and Social Services
Division of Health Care Services
Office of Rate Review
3601 C Street, Suite 978
Anchorage, AK 99503-5924

fax: (907) 334-2220
Email: Alexandria.Hicks@alaska.gov

RE: RMA d/b/a Alaska Spine Institute

Dear Ms. Hicks:

This is a request for a determination that the requirements of AS 18.07 do not apply to the following proposal. Rehabilitation Medical Associates, A Professional Corp. d/b/a Alaska Spine Institute is an office of private physicians and is excluded in the definition as a health care facility under AS 18.07.111:

(8) "health care facility" means a private, municipal, state, or federal hospital, psychiatric hospital, independent diagnostic testing facility, residential psychiatric treatment center, tuberculosis hospital, skilled nursing facility, kidney disease treatment center (including freestanding hemodialysis units), intermediate care facility, and ambulatory surgical facility; the term excludes

(A) the Alaska Pioneers' Home and the Alaska Veterans' Home administered by the Department of Health and Social Services under AS 47.55; and

(B) the offices of private physicians or dentists whether in individual or group practice;

Our group practice plans to add a MRI unit to our office practice at 3801 University Lake Drive and request a formal determination that as an office of private physicians we are excluded from the Certificate of Need Program. We meet the four requirements that the office qualifies for the exclusion.

The Certificate of Need Program regulations in 7 AAC 07.001 (b) provides criteria to evaluate whether a health care facility is an office private practice physicians or dentists to be excluded as a health care facility under AS 18.07.111. The regulations state the department will consider that the office qualified for the exclusion only if:

7 AAC 07.001 (b)

- (1) the business and all business assets are 100 percent owned by one or more physicians licensed under AS 08.64.

Response

The owner will be Rehabilitation Medicine Associates d/b/a Alaska Spine Institute. A copy of the Professional Corporation 2014 Biennial Report (AK Entity # 15914D) with the State of Alaska Department of Commerce is attached to this letter documenting the ownership.

The business and all business assets are 100 percent owned by the following three physicians licensed under AS 08.64:

Larry Allan Levine, M.D. Alaska License # 3495
Michel L. Gevaert, M.D. Alaska License # 3704 and
Shawn P. Johnston, M.D. Alaska License # 4332

Copies of their Alaska Medical Licenses are also attached to this letter.

(2) the office is not otherwise a health care facility; and

The office is only an office of private physicians and is not otherwise licensed.

(3) the business provides assessment, diagnosis and treatment to patients on an ongoing basis; and

Our office of private physicians employs other physicians, advanced nurse practitioners in the clinic setting; provides diagnostic and treatment services, physical therapy and diagnostic imaging to our patients on an ongoing basis. The imaging services are administratively and financially part of this office of private physicians and are billed under the same Provider ID.

(4) the business holds a valid business license under AS 43.70.

A copy of business license # 417482 for Alaska Spine Institute owned by Rehabilitation Medicine Associates, PC is attached to this letter.

The costs for the equipment, space improvements and installation of the equipment are:

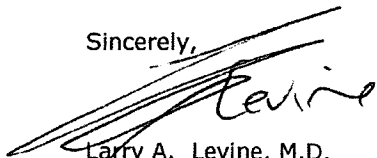
Equipment Acquisition	\$ 1,350,000	Purchase document signed December 30, 2014 with Fonar.
Construction	<u>\$ 1,683,819</u>	Certified construction estimate by Cornerstone Contractors.
Total project cost	\$ 3,043,819	

Construction would begin in the spring, 2015 and is expected to be completed by November, 2015.

I trust this information will be sufficient to issue a determination that Rehabilitation Associates, PC d/b/a Alaska Spine Institute is an office of private physicians to be excluded as a health care facility under the Certificate of Need program under AS 18.07.111 as provided in the regulations under & AAC.001 (b).

Should you have questions, our administrative offices phone number is (907) 762-6340.

Sincerely,



Larry A. Levine, M.D.
Director, President, Shareholder.



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sean Parnell, Governor
Susan K. Bell, Commissioner
Don Habeger, Director

Division of Corporations, Business and Professional Licensing

Office Use Only

COR

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Professional Corporation

2014 Biennial Report

For the period ending December 31, 2013

- This report is due on January 02, 2014
- \$100.00 if postmarked before February 02, 2014
- \$137.50 if postmarked on or after February 02, 2014

Entity Name: REHABILITATION MEDICINE
ASSOCIATES A PROFESSIONAL
CORP.

Entity Number: 15914D
Home Country: UNITED STATES

Home State/Province: ALASKA

Registered Agent

Name: BARBRA Z. NAULT
Physical Address: 2550 DENALI STREET SUITE
1502, ANCHORAGE, AK 99503
Mailing Address: 2550 DENALI STREET SUITE
1502, ANCHORAGE, AK 99503

Entity Physical Address: 3801 UNIVERSITY LAKE DR SUITE 300, ANCHORAGE, AK 99508

Entity Mailing Address: 3801 UNIVERSITY LAKE DR SUITE 300, ANCHORAGE, AK 99508

Please include all officials. Check all titles that apply. Must use titles provided. All professional corporations must have a president, secretary, treasurer and at least one director. The secretary and the president cannot be the same person unless the president is 100% shareholder. The entity must also list any alien affiliates and those shareholders that hold 5% or more of the issued shares. A person may not be an officer or director in a professional corporation unless they are also a shareholder.

Name	Address	% Owned	Titles
Larry Levine	3801 UNIVERSITY LAKE DR SUITE 300, ANCHORAGE, AK 99508	33.33	Director, President, Shareholder
MICHEL L. GEVAERT	3801 UNIVERSITY LAKE DR SUITE 300, ANCHORAGE, AK 99508	33.33	Director, Shareholder, Vice President
Shawn Johnston	3801 UNIVERSITY LAKE DR SUITE 300, ANCHORAGE, AK 99508	33.33	Director, Secretary, Shareholder, Treasurer

Purpose: PRACTICE OF MEDICINE

NAICS Code: 621498 - ALL OTHER OUTPATIENT CARE CENTERS

New NAICS Code (optional):

Complete the below stock information on record with the Department. You may not change your authorized shares with this form. An amendment is required. Fill in number of shares issued.

Class	Series	Authorized	Par Value	Amount Issued
Common		100000	\$1.00	100000
Preferred		150000	\$0.00	0

I certify under penalty of perjury under the Uniform Electronic Transaction Act and the laws of the State of Alaska that the information provided in this application is true and correct, and further certify that by submitting this electronic filing I am contractually authorized by the Official(s) listed above to act on behalf of this entity.

Name: Mirasol M. Isla

PO Box 110806, Juneau, AK 99811-0806
Telephone: (907) 465-2550 Fax: (907) 465-2974 Text Tel: (907) 465-5437
Website: <http://commerce.alaska.gov/dnn/cbpl>

[State of Alaska](#) > [Commerce](#) > [Professional Licensing](#) > [PL Search](#)

Professional License Details

Name: LARRY ALLAN LEVINE
DBA:
License Number: 3495
License Type: IS A LICENSED PHYSICIAN
Status: LICENSE
Address: REHABILITATION MEDICINE ASSOCIATES, LLC 3801 UNIVERSITY LAKE DR
#300 ANCHORAGE AK 99508-4658
Expiration Date: 12/31/2016
Current Issue Date: 10/23/2014
First Issue Date: 06/14/1995
Additional Info:

Contact Phone: (907) 465-2550 Email: [Professional Licensing](#)

[State of Alaska](#) > [Commerce](#) > [Professional Licensing](#) > [PL Search](#)

Professional License Details

Name: MICHEL LIEVEN GEVAERT
DBA:
License Number: 3704
License Type: IS A LICENSED PHYSICIAN
Status: LICENSE
Address: 3801 UNIVERSITY LAKE DR SUITE 300 ANCHORAGE AK 99508-4658
Expiration Date: 12/31/2016
Current Issue Date: 10/23/2014
First Issue Date: 08/14/1996
Additional Info:

Contact Phone: (907) 465-2550 Email: [Professional Licensing](#)

[State of Alaska](#) > [Commerce](#) > [Professional Licensing](#) > [PL Search](#)

Professional License Details

Name: SHAWN P. JOHNSTON
DBA:
License Number: 4332
License Type: IS A LICENSED PHYSICIAN
Status: LICENSE
Address: % REHABILITATION MEDICINE ASSOCIATES 3801 UNIVERSITY LAKE DRIVE,
SUITE 300 ANCHORAGE AK 99508-4658
Expiration Date: 12/31/2016
Current Issue Date: 10/23/2014
First Issue Date: 09/23/1999
Additional Info:

Contact Phone: (907) 465-2550 Email: [Professional Licensing](#)

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

ALASKA SPINE INSTITUTE

3801 UNIVERSITY LAKE DR, SUITE 300 ANCHORAGE AK 99508

owned by

REHABILITATION MEDICINE ASSOCIATES, PC

is licensed by the department to conduct business for the period

January 01, 2015 through December 31, 2016
for the following line of business:

62 - Health Care and Social Assistance



This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Fred Parady
Commissioner



5050 Cordova Street, Anchorage, Alaska 99503

Phone (907) 561-1993 Fax (907) 561-7899

page 1 of 2

Construction Budget Estimate Summary
Alaska Spine Institute
MRI Addition

Building Are. 1,260 SF
On Grade Ar 1,260 SF
Estimate By: DGD
Date: 1-08-2015

Division	Description	Labor	Material	Sub	Total	Comments
Div 1	GENERAL REQUIREMENTS					
	general job costs	\$132,830	\$17,080			
	building permit / Inspsections		\$21,000			
	gen liability & builders risk ins.		\$8,500			
	Subtotal>>>>>>>>	\$132,830	\$46,580	\$0	\$179,410	
Div 2	SITE WORK					
	under grnd ex/bf & sog prep			\$90,000		
	chiller pap - prep			\$1,500		
	landscaping			\$35,000		
	Subtotal>>>>>>>>	\$0	\$0	\$126,500	\$126,500	
Div 3	CONCRETE					
	concrete walls, pits, & slab			\$110,000		
	chiller pad area slab			\$3,500		
	Subtotal>>>>>>>>	\$0	\$0	\$113,500	\$113,500	
Div 4	MASONRY					
	Subtotal>>>>>>>>	\$0	\$0	\$0	\$0	
Div 5	METALS					
	structural steel and deck			\$54,000		
	unistrut			\$8,500		
	misc red iron			\$2,500		
	Subtotal>>>>>>>>	\$0	\$0	\$65,000	\$65,000	
Div 6	WOOD AND PLASTICS					
	misc backing	\$880	\$500			
	misc casework			\$0		
	cabinets and casework			\$8,000		
	Subtotal>>>>>>>>	\$880	\$500	\$8,000	\$9,380	
Div 7	THERMAL & MOISTURE					
	caulking & sealants	\$275	\$120			
	roof & flashing			\$35,000		
	sky light access hatch			\$20,000		
	Subtotal>>>>>>>>	\$275	\$120	\$55,000	\$55,395	
Div 8	DOORS & WINDOWS					
	doors, frames, and hardware			\$5,700		
	misc glazing			\$0		
	lead windows			\$3,600		
	Subtotal>>>>>>>>	\$0	\$0	\$9,300	\$9,300	

Construction Budget Estimate Summary
Alaska Spine Institute
MRI Addition

Building Are. 1,260 SF
On Grade Ar 1,260 SF
Estimate By: DGD
Date: 1-08-2015

page 2 of 2

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FONAR CORPORATION
110 MARCUS DRIVE
MELVILLE, NEW YORK 11747-4292
(631) 694-2629
(631) 390-7766 Fax
e3054@fonar.com

DATE December 29, 2014
QUOTATION NO. 141229/470 Rev.
REPRESENTATIVE A. Mercer

Inquiries regarding this quotation should refer to quotation number, indicated product, line and be directed to the representative indicated above.

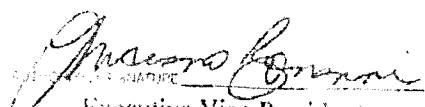
FONAR Corporation is pleased to submit the following 8 page quotation for the products and services described herein at the stated prices and terms, subject to your acceptance of the terms and conditions included in this quotation.

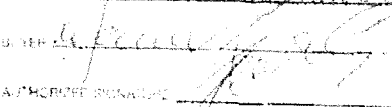
Alaska Spine Institute
3801 University Lake Drive
Anchorage, AK 99508

EXHIBIT A

Quotation

ITEM NO.	QUANTITY	DESCRIPTION	PRICE
		Indomitable™: The FONAR Upright™ MRI The Upright™ MRI is a unique and versatile whole-body MRI system with a broad range of clinical capabilities and a complete set of imaging protocols. The Upright™ MRI scanner features Position™ imaging (pMRI™) and weight-bearing MRI applications. Your patients can flex, bend, extend and, importantly, the patient bed will rotate from upright to horizontal. The Upright™ MRI system provides revolutionary patient comfort. The patient sits upright in a magnet with two vertical magnetic poles. There is nothing in front of the patient's face except for a 42-inch television. Your patient can simply walk up to the magnet, sit down, have their scan and walk away. This multi-positional MRI system provides an unrestricted range of motion for flexion and extension studies. Previously difficult patient scanning positions can be achieved using the unique MRI-compatible motorized patient handling system. The system can scan spines and joints in the weight-bearing state, and the brain with the patient upright. Patients can also be scanned in the conventional recumbent position. The system is equipped with high-performance Whisper Gradients™ capable of high resolution and fast scanning, a set of high-performance RF receiver coils and a high-speed computer-processing platform with extensive software features promoting productivity.	

FONAR CORPORATION	
 Executive Vice President	December 29, 2014 30 days
THIS QUOTATION VALID DATE	

CUSTOMER'S ACCEPTANCE	
BUYER 	
AUTHORIZED SIGNATURE	
DATE	

The Upright™ MRI system includes:

- A. Magnet
- B. Patient Positioning System
- C. Gradient System
- D. Computer Architecture
- E. User-Interface and MRI Software
- F. Radiofrequency System
- G. Imaging Techniques

A. MAGNET

Field Strength:	0.6 Tesla
Type:	Iron-frame electromagnet
Cryogens:	Not required
Configuration:	Front-open and top-open design
Key Benefits:	Patients can look out at a 42-inch television with an unobstructed view, while sitting or standing in the magnet. Unrestricted range of motion for flexion and extension studies
Field Orientation:	Horizontal, transverse to the patient
Patient Gap:	18-inch (46 cm) pole-to-pole, horizontal gap

B. PATIENT POSITIONING SYSTEM

Positioning Capabilities: Sitting (attachable/removable seat)
Standing
Advance the upright patient into the center of the magnet
With the patient vertical, translation of the table provides an elevator function, placing the anatomy of interest at magnet isocenter.
Rotate the patient from upright to recumbent
Variable positioning at any intermediate angle
Long pad/cushion for patient comfort during recumbent scans
With the patient horizontal, translation of the table advances the recumbent patient into the magnet in the conventional manner.
True image orientation is assured regardless of the rotation angle via computer read back of current bed position.

Patient Stabilization:	Table tilted slightly backwards to reduce patient motion during upright scanning. Magnet poles on the left and right of the patient reduce lateral motion.
Control:	Motorized and MRI-compatible A dedicated computer controls the bed movement. Pre-programmed modes of operation (vertical, horizontal and tilt) are initiated using a multi-function keypad.
pMRI™ Support Fixtures:	Two movable, MRI-compatible transpolar stabilization bars (VersaRest™) used for enhancing patient comfort during multi-positional scans such as flexion, extension, rotation and lateral bending
RF Coil Placement:	Removable seat assembly with footrest Support fixtures for RF receiver coils integrated into the bed Enhanced-throughput Universal Mounting Fixture for securing RF receiver coils to the bed is patient-height adjustable. Head cradle for recumbent and upright scanning Dedicated ACR Phantom Fixture to hold the calibration phantom and receiver coil at isocenter with patient positioning system in the upright position (ACR phantom included)
Weight Limit:	500 lbs

C. GRADIENT SYSTEM

Low acoustic-noise Whisper Gradients™ create a patient-friendly scan environment. High-performance gradient operation provides high resolution and fast scanning capabilities. The gradient controller ensures precise digital control, flexible waveform generation and advanced pulse sequence programming capabilities.

Gradient Strength (Max.):	20 mT/m
Slew Rate (Max.):	33 T/m/s
Minimum Slice Thickness:	2.0 mm (2DFT), 0.8 mm (3DFT)
Minimum Field-of-View:	6 cm
Type:	Self-shielded, biplanar
Cooling System:	Air-cooled electronics Air-cooled coils
Patient Comfort:	Extremely low-noise

D. COMPUTER ARCHITECTURE

Type: Dual Symmetric Multi-Processor
Operating System: Microsoft Windows 2000
CPU Speed: Two (2) Pentium-class processors (2.8 GHz minimum)
Reconstruction Speed: 10 images per second (0.1 seconds per 256² image for 2DFT)
AM: 1.0 GB
Online Storage: Three 146 GB SCSI hard drives configured in a redundant array with a storage capacity of 290 GB
Archive Media: DVD and CD
Remote Service: Link to FONAR field service headquarters

E. USER-INTERFACE AND MRI SOFTWARE

The Upright™ MRI dual-screen console includes both a scan control monitor and an image display workstation. The technologist-friendly MRI applications software platform can simultaneously run key processes, including scanning, reconstruction, MIP, image review and archive, filming, patient appointments and next scan set-up. The multi-window graphical user-interface utilizes pre-defined user protocols which quickly set-up and initiate scans. This speeds technologist training and ensures consistent clinical performance. The system is equipped with a complete set of protocols utilizing a broad range of advanced imaging techniques.

Console Configuration: Dual-screen, 1280 x 1024 high-resolution graphics monitors (19")
Controls: Keyboard and Mouse
Operation: Multiple windows multi-tasking environment
Anatomic Protocols: Pre-programmed and user-expandable
Productivity: Multi-tasking includes simultaneous scanning, reconstruction and MIP
Connectivity: Dicom 3.0 including Store, Print, Query, Retrieve and Modality Worklist
Image Display Features: Variable screen format (1,2,4,6,12,20-up)
Real-time continuous zoom and pan
Variable-speed paging (cine loop) under mouse control
Image Display Stack Mode for side-by-side paging comparisons of slices from a multi-positional set of scans on a specific patient
Film Manager controlling digital interface to laser camera
Independently windowed image frames
Image enhancement and noise reduction
Reverse contrast
Unique identifying labels for each frame
Pixel intensity, distance and angle measurements
Region-of-Interest (ROI) cursors with statistical analysis
Scout-scan Plan: Graphical set-up for number of slices, TR, slice thickness and interval, POV, oblique angle and pre-saturation pulses

F. RADIOFREQUENCY SYSTEM

Optimal RF transmission is achieved using a digital frequency synthesizer and programmable RF pulse shaper. The flat RF transmitter is fully integrated into the patient gap. NMR signal reception is accomplished using one of the high signal-to-noise solenoidal RF receiver coils available for whole-body imaging. Signal processing utilizes state-of-the-art advanced front-end electronics designed for imaging flexibility.

Power Amplifier:	9 kW
Transmitter Type:	Quadrature
Transmitter Configuration:	Planar
Preamplifier:	Low-noise
Tuning:	Automatic
Amplifier Gain:	Computer-controlled
Demodulator reference:	Programmable for off-center FOV imaging
Audio filter:	Programmable for variable-bandwidth imaging

RF Receiver Coils**Standard Package:****High-Performance Spine and Body Coil Set**

45" wide belt coil (0120029-00)	\$ 15,000 (included)
55" wide belt coil (0120028-00)	\$ 18,000 (included)
65" wide belt coil (0120031-00):	\$ 20,000 (included)

Flexible, wrap-around solenoid coils provide uniform posterior-to-anterior signal intensity and extended longitudinal coverage for spine and body imaging. User can choose the optimal patient filling factor to increase the SNR.

Flexible Cervical Coil - small (0120045-01) and	\$ 15,000 (included)
Flexible Cervical Coil - large (0120045-02):	\$ 15,000 (included)

These flexible wrap-around solenoid coils optimize imaging for the cervical spine and are ideally suited for pMRI™ applications such as Flexion and Extension.

Signal-Plus™ Universal Coil (0120025-11):	\$ 15,000 (included)
---	----------------------

This multi-purpose solenoid coil is used for brain, foot, extra-large cervical and knee imaging applications.

Solenoid Wrist Coil (0211068-00):	\$ 12,000 (included)
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Rigid multi-conductor circular design optimized for high-resolution wrist (and small extremity) imaging.

G. IMAGING TECHNIQUES

Acquisition Methods: 2DFT & 3DFT

Pulse Sequences: Spin Echo (single and double echo)
Inversion Recovery
STIR
Gradient Echo
RF Spoiling
Gradient Spoiling
Steady State Preserved
Fat & Water In and Out-of-Phase
Fast Spin Echo
Variable Echo Train Length
FLAIR for CSF suppression
Driven Equilibrium Fast Spin Echo
MR Angiography
2D and 3D Time-of-Flight (TOF)
Walking pre-saturation band(s) to suppress venous/arterial flow
Targeted MIP (Maximum Intensity Projection)

Imaging Capabilities: Multi-Angle Oblique™ (MAO) Imaging
Swap Frequency and Phase
(512)² Acquisition Matrix
Anti-Aliasing
Reduced Bandwidth and Multi-Bandwidth Imaging
Off-Center FOV Imaging
Rectangular FOV
Variable-Interval Scanning
Spatially Selective Pre-saturation
Flow Compensation
Breath-hold Imaging
Multiple Sub-Scan Technique (sequential acquisition)

Design specification only. All system specifications are rapidly advancing and subject to changes.

This quotation #141229/470 Rev. dated December 29, 2014 supercedes previously issued quotation #140603/470 dated June 3, 2014.

SYSTEM PRICE

\$ 1,550,000 USD *

* plus tax if applicable

OPTIONS (per system)

Quadrature T/L Coil (0110121-11)	\$ 37,000
Combining a solenoid and planar coil (each with its own tunable, embedded pre-amplifier) provides high SNR performance for lumbar and thoracic spine scans. This versatile RF coil is also used for body MRI applications.	
Quadrature Head Coil (0120049-12)	35,000
Combining a solenoid and saddle coil (each with its own tunable, embedded pre-amplifier) provides high SNR performance in an extremely comfortable coil design. Patients can easily "see out" to watch TV, and a three-point immobilization fixture prevents patient motion. The coil accommodates the ACR Phantom.	
Quadrature Knee Coil (0120057-00)	25,000
Combining a solenoid and saddle coil (each with its own tunable, embedded pre-amplifier) provides high SNR performance for extremity imaging. The coil easily slides up and down for optimal positioning over the patient's knee. The coil is left/right knee adaptable.	
Quadrature Planar Coil (with fixture) (0120067-00)	30,000
Combining a ring and butterfly coil (each with its own tunable, embedded pre-amplifier) provides high SNR performance for lumbar and thoracic spine scans. With the coil positioned vertically in the Planar Flexion Fixture, the patient simply walks in and sits down. In lumbar flexion studies, the movable Planar Flexion Fixture keeps the planar coils in contact with the patient's lower back.	
Phased Array Shoulder Coil (012077-00)	50,000
(with Shoulder Immobilization Fixture)	
This high SNR performance left/right shoulder adaptable phased array coil can be used in conjunction with a portable shoulder immobilization fixture. Positioning the patient's shoulder at the center of the magnet is easy, and patients are comfortable during their shoulder exams.	
Advanced Coil Package	\$ 177,000

TERMS OF SALE

*FOB FONAR Corporation's Plant, Melville, New York

*Payment Terms: 20% non-refundable down payment upon execution of FONAR accepted Purchase Order by signing of FONAR quotation¹
20% payment 60 days after down payment
30% payment (a) immediately prior to shipment of system magnet, or
(b) 120 days after down payment, whichever is earlier
20% payment (a) immediately prior to shipment of system electronics, or
(b) 150 days after down payment, whichever is earlier
10% payment upon acceptance

*FONAR must receive the final payment before commencing training.

*First year full warranty (parts and labor)

*Rigging, Shielding, Shipping and Insurance are the responsibility of customer.

*Camera is not included.

¹ Purchase Orders must incorporate by reference, and be placed in accordance with, FONAR Corporation's Sales Agreement (Form 001).

FONAR Corporation

By: 

Luciano Bonanni
Executive Vice President

12/30/14
Date

Alaska Spine Institute

By: 

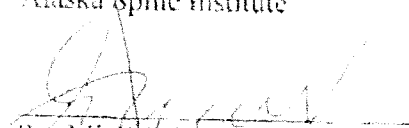
1/10
Date


ADDENDUM TO THE FONAR QUOTATION NO. 140603/470/Rev


Dated December 30, 2014

1. Fonar will include the Advanced Coil Package at no additional charge. Fonar will also include a Quad-Z Planar Coil (\$30,000), Quad Z Wrist/Hand (\$25,000), Quadrature Foot/Ankle Coil (\$18,000) and the Scoliosis Package (\$52,000), at no additional charge.
2. Fonar agrees to accept a refundable 20% down payment to secure the next refurbished Upright MRI™ scanner that becomes available. In the event Alaska Spine Institute is denied permission to proceed with this project, the down payment shall be refunded. This down payment shall become non-refundable and the next 20% progress payment becomes due, when Alaska Pacific University ("APU") approves the project and permits obtained for planning and zoning. Delivery of this scanner is not expected until late 2015.
3. The System Price of this refurbished Upright MRI™ scanner shall be discounted by \$200,000 to \$1,350,000.
4. Fonar agrees not to sell another Fonar Upright MRI™ to any other parties for installation in south-central Alaska for a period of five (5) years from the date hereto.
5. Fonar will provide a works-in-progress prototype of its CSF flow imaging package for evaluation and beta testing, at no charge.

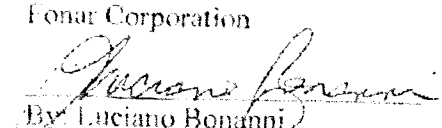
Agreed to and Accepted By:
Alaska Spine Institute

By: 
By: Michel Gevaert, M.D.

By: 
By: Larry Levine, M.D.

By: 
By: Shawn Johnston

Fonar Corporation

By: 
By: Luciano Bonanni
Its: Executive Vice President

Date: 12/30/14