

RadNet, Inc.  
Form 10-K/A  
May 10, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington DC 20549

FORM 10-K/A  
AMENDMENT NO. 2

ANNUAL REPORT PURSUANT TO SECTION  
13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-19019

RADNET, INC.

(Exact name of registrant as specified in charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

13-3326724  
(I.R.S. Employer  
Identification No.)

1510 Cotner Avenue  
Los Angeles, California  
(Address of principal executive offices)

90025  
(Zip Code)

Registrant's telephone number, including area code: (310) 478-7808

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
Common Stock, \$.0001 par value	NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) or the act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting Company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2) Yes  No

The aggregate market value of the registrant's voting and nonvoting common equity held by non-affiliates of the registrant was approximately \$63,538,580 on June 30, 2009 (the last business day of the registrant's most recently completed second quarter) based on the closing price for the common stock on the NASDAQ Global Market on June 30, 2009.

The number of shares of the registrant's common stock outstanding on March 10, 2010, was 36,259,279 shares (excluding treasury shares).

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of the Form 10-K, to the extent not set forth herein or in the Annual Report on Form 10-K filed on March 15, 2010, is incorporated herein by reference from the registrant's definitive proxy statement for the Annual Meeting of Stockholders, filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the close of the registrant's fiscal year.

EXPLANATORY NOTE

We are filing this Form 10-K/A (Amendment No. 2) to our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, originally filed with the U.S. Securities and Exchange Commission (SEC) on March 15, 2010, as amended by Amendment No. 1 thereto (Original Filing), solely for the purpose of complying with Rule 3-09 of Regulation S-X. Rule 3-09 requires that we file financial statements of certain unconsolidated joint ventures in which we hold equity interests of 50% or less and account for them under the equity method, to the extent the unconsolidated joint ventures are individually significant. Under Rule 3-09 of Regulation S-X, we are permitted to file combined financial statements for individually significant unconsolidated joint ventures which are in the same line of business.

We filed a Form 10-K/A (Amendment No. 1) with the SEC on March 31, 2010. That amendment included financial statements for three of our unconsolidated joint venture interests. At the time we filed our 10-K/A (Amendment No. 1), financial information for MIB Partnership, LLP was not available for audit. Such financial information was made available for audit subsequent to the filing of Form 10-K/A (Amendment No. 1), consequently we are updating the combined financial statements as described in Note 1 following to include MIB Partnership, LLP. These financial statements are intended to replace those included in our Form 10-K/A (Amendment No. 1). Accordingly, we are filing this Amendment No. 2 to include the combined financial statements of the Group (as defined in Note 1 to the combined financial statements) under Item 8 – Financial Statements and Supplementary Data, and we are amending Item 15 - Exhibits and Financial Statement Schedules, to include a list of the financial statements and exhibits being filed herewith.

Except as described above, no other changes have been made to the Original Filing, and this Form 10-K/A does not amend, update or change any other items or disclosures in the Original Filing. This Form 10-K/A does not reflect events occurring after the Original Filing. Accordingly, this Amendment should be read in conjunction with the Original Filing and our other filings with the SEC.

PART II.

Item 8. Financial Statements and Supplementary Data

The Financial Statements are attached hereto and begin on page 5.

Report of Independent Registered Public Accounting Firm

To the partners of:

MIB Partnership, LLP;

Franklin Imaging Joint Venture;

Carroll County Radiology, LLC;

MRI at St. Joseph Medical Center, LLC.

We have audited the accompanying combined balance sheet of certain RadNet, Inc. affiliates including MIB Partnership, LLP; Franklin Imaging Joint Venture, Carroll County Radiology, LLC and MRI at St. Joseph Medical Center, LLC, (collectively, the "Group"), as of December 31, 2009, and the related combined statements of income, partners' equity, and cash flows for the year ended December 31, 2009. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Group's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the Group at December 31, 2009, and the combined results of their operations and their cash flows for the year ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

May 10, 2010

Los Angeles, California

## CERTAIN RADNET, INC. AFFILIATES

COMBINED BALANCE SHEETS  
(IN THOUSANDS)

	December 31, 2009	December 31, 2008 (unaudited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$4,028	\$2,335
Accounts receivable, net of allowance for bad debts of \$1,832 and \$1,236 at December 31, 2009 and 2008, respectively	5,954	6,914
Due from affiliates	5,988	4,999
Prepaid expenses and other current assets	1,001	581
<b>Total current assets</b>	<b>16,971</b>	<b>14,829</b>
<b>PROPERTY AND EQUIPMENT, NET</b>		
<b>Total assets</b>	<b>\$38,707</b>	<b>\$35,858</b>
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$2,963	\$2,009
Current portion of deferred rent	196	61
Current portion of equipment notes payable	1,368	1,366
Current portion of obligations under capital leases	1,226	949
<b>Total current liabilities</b>	<b>5,753</b>	<b>4,385</b>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion	707	124
Equipment notes payable, net of current portion	3,316	4,687
Obligations under capital leases, net of current portion	2,392	2,523
<b>Total liabilities</b>	<b>12,168</b>	<b>11,719</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>PARTNERS' EQUITY</b>		
Radnet, Inc.	11,613	10,697
Other partners	14,926	13,442
<b>Total partners' equity</b>	<b>26,539</b>	<b>24,139</b>
<b>Total liabilities and partners' equity</b>	<b>\$38,707</b>	<b>\$35,858</b>

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

CERTAIN RADNET, INC. AFFILIATES  
COMBINED STATEMENTS OF INCOME  
(IN THOUSANDS)

	Years Ended December 31,		
	2009	2008 (unaudited)	2007 (unaudited)
NET REVENUE	\$49,909	\$51,274	\$40,456
<b>OPERATING EXPENSES</b>			
Operating expenses	31,435	31,061	25,230
Depreciation and amortization	3,631	3,527	1,630
Provision for bad debts	2,482	2,416	1,509
Loss (gain) on sale of equipment	-	68	(8 )
Total operating expenses	37,548	37,072	28,361
<b>INCOME FROM OPERATIONS</b>	<b>12,361</b>	<b>14,202</b>	<b>12,095</b>
Net interest expense (income)	669	665	(35 )
<b>NET INCOME</b>	<b>\$11,692</b>	<b>\$13,537</b>	<b>\$12,130</b>

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

CERTAIN RADNET, INC. AFFILIATES  
 COMBINED STATEMENTS OF PARTNERS' EQUITY  
 (IN THOUSANDS)

	Radnet, Inc.	Other Partners	Total
BALANCE - January 1, 2007 (unaudited)	\$9,804	\$13,570	\$23,374
Contributions	714	744	1,458
Net Income	5,663	6,467	12,130
Transfers	(392 )	392	-
Distributions	(6,369 )	(9,373 )	(15,742 )
BALANCE - December 31, 2007 (unaudited)	9,420	11,800	21,220
Contributions	400	600	1,000
Net Income	5,471	8,066	13,537
Distributions	(4,594 )	(7,024 )	(11,618 )
BALANCE - December 31, 2008 (unaudited)	10,697	13,442	24,139
Net Income	4,745	6,947	11,692
Distributions	(3,829 )	(5,463 )	(9,292 )
BALANCE - December 31, 2009	\$11,613	\$14,926	\$26,539

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



CERTAIN RADNET, INC. AFFILIATES  
COMBINED STATEMENTS OF CASH FLOWS

Years Ended December 31,

	2009	2008 (unaudited)	2007 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 11,692	\$ 13,537	\$ 12,130
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,631	3,527	1,630
Provision for bad debts	2,482	2,416	1,509
Deferred rent amortization	718	27	158
Net loss (gain) on sale of assets	-	68	(8)
Changes in operating assets and liabilities			
Accounts receivable	(1,523)	(4,029)	(799)
Other current assets	(1,239)	(3,048)	(902)
Accounts payable and accrued expenses	322	(942)	596
Net cash provided by operating activities	16,083	11,556	14,314
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	(4,062)	(5,622)	(6,683)
Proceeds from sale of equipment	911	18	38
Net cash used in investing activities	(3,151)	(5,604)	(6,645)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal payments on notes and leases payable	(2,415)	(1,678)	(169)
Proceeds from borrowings on notes payable	-	2,125	4,742
Partner contributions	-	1,000	1,458
Distributions to partners	(8,824)	(10,786)	(15,742)
Net cash used in financing activities	(11,239)	(9,339)	(9,711)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,693</b>	<b>(3,387)</b>	<b>(2,042)</b>
CASH AND CAH EQUIVALENTS, beginning of period	2,335	5,722	7,764
CASH AND CASH EQUIVALENTS, end of period	\$ 4,028	\$ 2,335	\$ 5,722
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>			
Cash paid during the period for interest	\$ 690	\$ 683	\$ 52

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

CERTAIN RADNET, INC. AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

Supplemental Schedule of Non-Cash Investing and Financing Activities

The Group entered into capital leases and equipment notes for approximately \$1.2 million, \$3.6 million (unaudited) and \$751,000 (unaudited), during the years ended December 31, 2009, 2008 and 2007, respectively.

The Group recorded distributions to partners of \$468,000 and \$832,000 (unaudited) during the years ended December 31, 2009 and 2008, respectively, that were not paid for as of December 31, 2009 and 2008, respectively. The offsetting amounts due were recorded in the combined balance sheets under accounts payable and accrued expenses.

CERTAIN RADNET, INC. AFFILIATES  
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS

The financial information for 2008 and 2007 included herein has been prepared by management of Radnet, Inc. without audit. Management of Radnet, Inc. believes that such financial information has been prepared in conformity with U.S. generally accepted accounting principles, and includes all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows as of and for the years ended December 31, 2008 and 2007.

MIB Partnership, LLP, Franklin Imaging Joint Venture, Carroll County Radiology, LLC and MRI at St. Joseph Medical Center, LLC, (collectively, the “Group”), are joint ventures between Radnet, Inc. and, as applicable, hospitals, health systems or radiology practices and were formed for the purpose of owning and operating diagnostic imaging centers. Professional services at the joint venture diagnostic imaging centers are performed by contracted radiology practices or a radiology practice that participates in the joint venture. Each joint venture within the Group is an affiliate of Radnet, Inc. as follows:

	% owned by Radnet, Inc.
MIB Partnership, LLP	25%
Franklin Imaging Joint Venture	49%
Carroll County Radiology, LLC	40%
MRI at St. Joseph Medical Center	49% *

\* Prior to December 2007, Radnet, Inc. owned 73% of MRI at St. Joseph Medical Center

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**PRINCIPLES OF COMBINATION** – Under Rule 3-09 of Regulation S-X, Radnet, Inc. is permitted to file combined financial statements for individually significant unconsolidated joint ventures which are in the same line of business. The combined financial statements include the assets, liabilities, and operations of each member of the Group. The operating activities of each of these joint ventures are completely separate from one another and are in no way affiliated with one another. Accordingly there are no intercompany transactions and balances to be eliminated when combining each together.

**USE OF ESTIMATES** - The preparation of these financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions affect various matters including the Group’s reported amounts of assets and liabilities in the combined balance sheets at the dates of the financial statements; disclosure of contingent assets and liabilities at the dates of the financial statements; and reported amounts of revenues and expenses in the combined statements of income during the reporting periods. These estimates involve judgments with respect to numerous factors that are difficult to predict and are beyond management’s control. As a result, actual amounts could materially differ from these estimates.

**REVENUE RECOGNITION** – Combined net revenue consists of net patient fee for service revenue. Net patient service revenue is recognized at the time services are provided net of contractual adjustments based on an evaluation

of expected collections resulting from the analysis of current and past due accounts, past collection experience in relation to amounts billed and other relevant information. Contractual adjustments result from the differences between the rates charged for services performed and reimbursements by government-sponsored healthcare programs and insurance companies for such services.

**CONCENTRATION OF CREDIT RISKS** - Financial instruments that potentially subject the Group to credit risk are primarily cash equivalents and accounts receivable. Each joint venture places its cash and cash equivalents with one major financial institution. At times, the cash in the financial institution is temporarily in excess of the amount insured by the Federal Deposit Insurance Corporation, or FDIC. Substantially all accounts receivable are due under fee-for-service contracts from third party payors, such as insurance companies and government-sponsored healthcare programs, or directly from patients. Services are generally provided pursuant to one-year contracts with healthcare providers. Receivables generally are collected within industry norms for third-party payors. The Group continuously monitors collections from its clients and maintains an allowance for bad debts based upon any specific payor collection issues that are identified and historical experience.

**CASH AND CASH EQUIVALENTS** – The Group considers all highly liquid investments that mature in three months or less when purchased to be cash equivalents. The carrying amount of cash and cash equivalents approximates their fair market value.

**PROPERTY AND EQUIPMENT** - Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization of property and equipment are provided using the straight-line method over the estimated useful lives, which range from 3 to 15 years. Leasehold improvements are amortized at the lesser of the related lease term or their estimated useful lives, whichever is shorter, which range from 3 to 30 years. Only a few leasehold improvements are deemed to have a life greater than 15 years. Maintenance and repairs are charged to expenses as incurred.

**INCOME TAXES** - Each member of the Group is treated as a partnership for federal and state income tax purposes where all taxable income is allocated to the partners in accordance with the respective partnership agreement. Accordingly, no income tax provision is recorded by the joint ventures.

**FAIR VALUE MEASUREMENTS** –The combined balance sheets include the following financial instruments: cash and cash equivalents, receivables, trade accounts payable, capital leases, equipment notes payable and other liabilities. The Group considers the carrying amounts of cash and cash equivalents, receivables, other current assets and current liabilities to approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization or payment. Additionally, the Group considers the carrying amount of its equipment notes payable and capital lease obligations to approximate their fair value because the weighted average interest rate used to formulate the carrying amounts approximates current market rates.

#### NOTE 3 – RECENT ACCOUNTING STANDARDS

In May 2009, the FASB issued Statement No. 165, “Subsequent Events,” codified in FASB ASC Topic 855, which establishes general standards of accounting for, and requires disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Each unconsolidated joint venture subsidiary adopted the provisions of ASC Topic 855 for the quarter ended September 30, 2009. The adoption of these provisions did not have a material effect on the combined financial statements.

In September 2009, the ASC became the authoritative source of accounting principles accepted in the United States (“GAAP”) recognized by the FASB. All existing FASB accounting standards and guidance were superseded by the ASC. Instead of issuing new accounting standards in the form of statements, FASB staff positions and Emerging Issues Task Force abstracts, the FASB now issues Accounting Standards Updates that update the ASC. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal securities laws continue to be additional sources of authoritative GAAP for SEC registrants.

#### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation and amortization are as follows (in thousands):

	December 31,	
	2009	2008
		(unaudited)
Medical equipment	\$ 19,865	\$ 19,462
Office equipment, furniture and fixtures	5,093	5,011
Leasehold improvements	13,994	11,413
Equipment under capital leases	5,565	4,373
	44,517	40,259
Accumulated depreciation and amortization	(22,781 )	(19,230 )
	\$ 21,736	\$ 21,029

Depreciation and amortization expense on property and equipment, including amortization of equipment under capital leases, for the years ended December 31, 2009, 2008 and 2007 totaled \$3.6 million, \$3.5 million (unaudited) and \$1.6 million (unaudited), respectively.

## NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES (IN THOUSANDS)

	December 31,	
	2009	2008
		(unaudited)
Accounts payable	\$ 444	\$ 260
Accrued expenses	1,932	1,196
Accrued payroll and vacation	587	553
Total	\$ 2,963	\$ 2,009

## NOTE 6 – EQUIPMENT NOTES PAYABLE AND CAPITAL LEASES

One member of the Group, MRI at St. Joseph Medical Center, LLC, holds four promissory notes issued by a financing company for the purpose of acquiring imaging equipment. These notes have interest rates between 7.1% and 8.2%, mature on or before May 2013 and are collateralized by the acquired equipment.

The following is a listing of annual principal maturities of the equipment notes discussed above for years ending December 31 (in thousands):

2010	\$ 1,368
2011	1,480
2012	1,601
2013	235
Total minimum payments	\$ 4,684

The Group leases equipment under capital lease arrangements. Future minimum lease payments under capital leases for years ending December 31 (in thousands) is as follows:

2010	\$1,467
2011	1,194
2012	978
2013	331
2014	148
Total minimum payments	4,118
Amount representing interest	(500 )
Present value of net minimum lease payments	3,618
Less current portion	(1,226)
Long-term portion	\$2,392





## NOTE 7 – COMMITMENTS AND CONTINGENCIES

Leases – The Group leases various operating facilities and certain medical equipment under operating leases with renewal options expiring through 2022. Certain leases contain renewal options from two to ten years and escalation clauses based either on the consumer price index or fixed rent escalators. The schedule below includes lease renewals that the joint ventures are expected to make at reasonably assured level. Leases with fixed rent escalators are recorded on a straight-line basis. The Group records deferred rent for tenant leasehold improvement allowances received from a lessor and amortizes the deferred rent expense over the term of the lease agreement. Minimum annual payments under operating leases for future years, including all options to extend, ending December 31 follow (in thousands):

	Facilities	Equipment	Total
2010	\$ 1,675	\$ 801	\$ 2,476
2011	1,421	548	1,969
2012	1,432	91	1,523
2013	1,470	-	1,470
2014	1,508	-	1,508
Thereafter	6,457	-	6,457
	\$ 13,963	\$ 1,440	\$ 15,403

Total rent expense, including equipment rentals, for the years ended December 31, 2009, 2008 and 2007 was \$3.4 million, \$3.4 million (unaudited) and \$4.1 million (unaudited), respectively.

## NOTE 8 – RELATED PARTY TRANSACTIONS

Radnet, Inc. contracts with three members of the Group, Franklin Imaging Joint Venture, Carroll County Radiology, LLC and MRI at St. Joseph Medical Center, LLC, to provide certain administrative services including assistance with accounting, payroll and employee benefits processing, and billing and collection functions on behalf of these joint ventures. Radnet Inc. remits to these joint ventures all amounts collected through its administration of the billing and collection functions.

Radnet, Inc., as administrator over payroll and employee benefits, pays salary and benefit obligations on behalf of these joint ventures and then bills each of these joint ventures for its respective portion.

Radnet, Inc. contracts certain members of its contracted radiologist groups to perform professional services for these joint ventures. Radnet, Inc., on behalf of its contracted radiologist groups, bills each of these joint ventures for its respective share of the professional fees incurred through its utilization of these contracted radiologists. Radnet, Inc. remits to its contracted radiologist groups all amounts collected from these joint ventures for the billed professional fees.

Amounts receivable from and payable to Radnet Inc. for the activities listed above are summarized in due from affiliates on the Group's combined balance sheets and was \$6.0 million and \$5.0 million (unaudited) at December 31, 2009 and 2008, respectively. Due from affiliates of \$6.0 million at December 31, 2009 consists of a receivable from Radnet, Inc. of \$9.5 million for amounts collected through its administration of the billing and collection functions not yet remitted to the joint ventures at December 31, 2009. This receivable is offset by amounts payable to Radnet, Inc. of \$800,000 for the unpaid portion of billed administrative services performed, \$1.2 million for the unpaid portion of professional fees which Radnet must in turn remit to its contracted radiologists, and \$1.5 million for unpaid payroll and employee benefit costs.

Carroll County General Hospital, Inc., a partner of Carroll County Radiology, LLC, is also the lessor of one imaging center location within this joint venture. Carroll County General Hospital, Inc., as the lessor, requested the joint venture to relocate so that its facility could be utilized for other purposes. As part of the relocation agreement, Carroll County General Hospital, Inc. purchased from Carroll County Radiology, LLC certain leasehold improvements for \$911,000.

St. Joseph Medical Center, Inc., a partner of St. Joseph Medical Center, LLC, is managing, on behalf of this joint venture, the construction of a new breast care center. As manager of this construction project, St. Joseph Medical Center, Inc. pays upfront all construction costs incurred which it, in turn, bills the joint venture. St. Joseph Medical Center, LLC had accrued expenses of \$164,000 at December 31, 2009 related to this activity.

## PART IV

(a) Financial Statements – The following financial statements are filed herewith:

Item 15.	Exhibits and Financial Statement Schedules	Page No.
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(a) Financial Statements – The following financial statements are filed herewith:

Report of Independent Registered Public Accounting Firm	4
Combined Balance Sheets of Certain Radnet, Inc. Affiliates	5
Combined Statements of Income of Certain Radnet, Inc. Affiliates	6
Combined Statements of Partners' Equity of Certain Radnet, Inc. Affiliates	7
Combined Statements of Cash Flows of Certain Radnet, Inc. Affiliates	8 to 9
Notes to Combined Financial Statements	10 to 13

(c) Exhibits – The following exhibits are filed herewith or incorporated by reference herein:

Exhibit No.	Description of Exhibit	Incorporated by Reference to
2.1	Agreement and Plan of Merger, dated as of July 6, 2006, by and among Primedex, Radiologix, Radnet Management, Inc. and Merger Sub	(E)
2.2	Agreement and Plan of Merger and Reorganization, dated as of September 3, 2008	(M)
3.1	Certificate of Incorporation of RadNet, Inc., a Delaware corporation	(M)
3.2	Certificate of Amendment to Certificate of Incorporation of RadNet, Inc., a Delaware corporation, dated September 2, 2008	(M)
3.3	Bylaws	(M)
4.1	Form of Common Stock Certificate	(G)
4.2	Pledge and Security Agreement, dated as of April 6, 2010, among each of the grantors party thereto and Barclays Bank PLC	(O)
4.3	Indenture, dated as of April 6, 2010, among Radnet Management, Inc., RadNet, Inc. and the other guarantors	(O)

party thereto and U.S. Bank National Association, as trustee

- |      |   |            |
|------|---|------------|
| 4.4  | Registration Rights Agreement, dated as of April 6, 2010, among RadNet, Inc., the other guarantors party thereto, and Deutsche Bank Securities Inc., as representative of the several initial purchasers of the Notes | (O)        |
| 10.1 | 2000 Incentive Stock Option Plan (as amended)*  | (C)        |
| 10.2 | 2006 Equity Incentive Plan*   | (E)        |
| 10.3 | First Amendment to the 2006 Equity Incentive Plan*  | (K)        |
| 10.4 | Form of Warrant recharacterized as under the 2006 Equity Incentive plan – Form A  | (K)        |
| 10.5 | Form of Warrant recharacterized as under the 2006 Equity Incentive plan – Form B  | (K)        |
| 10.6 | Form of Indemnification Agreement between the registrant and each of its officers and directors*  | (L)        |
| 10.7 | Employment Agreement dated as of June 12, 1992 between RadNet and Howard G. Berger, M.D. and amendment to agreement.*   | (A)<br>(D) |

10.8	Employment Agreement dated April 16, 2001, with Jeffrey L. Linden and amendment to agreement*	(B) (D)
10.9	Employment Agreement with Norman R. Hames dated May 1, 2001 and amendment to agreement*	(B) (D)
10.10	Employment Agreement with Mark Stolper effective January 1, 2009*	(N)
10.11	Retention Agreement with Stephen Forthuber dated November 15, 2006*	(H)
10.12	Amended and Restated Management and Service Agreement between Radnet Management, Inc. and Beverly Radiology Medical Group III dated January 1, 2004	(C)
10.14	Credit Agreement, dated as November 15, 2006, among Radnet Management, Inc., the Credit Parties designated therein, General Electric Capital Corporation, as Agent, the lenders described therein, and GE Capital Markets, Inc.	(F)
10.15	Amendment No. 1 of Existing Credit Agreement with General Electric Capital dated April 2007.	(N)
10.16	Amendment No. 2 of Existing Credit Agreement with General Electric Capital dated May 2007.	(N)
10.17	Amendment No. 3 of Existing Credit Agreement with General Electric Capital Corporation dated August 2007.	(I)
10.18	Amendment No. 4 of Existing Credit Agreement with General Electric Capital Corporation dated November 2007.	(N)
10.19	Amendment No. 5 of Existing Credit Agreement with General Electric Capital Corporation dated February 2008.	(J)
10.20	Amendment No. 6 of Existing Credit Agreement with General Electric Capital Corporation dated April 2008.	(N)
10.21	Second Lien Credit Agreement, dated as of November 15, 2006, among Radnet Management, Inc., the Credit Parties designated therein, General Electric Capital Corporation, as Agent, the Lenders described therein, and GE Capital Markets, Inc.	(F)
10.22		(N)

Amendment of Second Lien Credit Agreement with General Electric Capital Corporation dated May 2007.

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|-------|---|-----|
| 10.23 | Amendment of Second Lien Credit Agreement with General Electric Capital Corporation dated August 2007.  | (I) |
| 10.24 | Amendment of Second Lien Credit Agreement with General Electric Capital Corporation dated November 2007.                                      | (N) |
| 10.25 | Guaranty, dated as of November 15, 2006, by and among the Guarantors identified therein and General Electric Capital Corporation.             | (F) |
| 10.26 | Second Lien Guaranty, dated as of November 15, 2006, by and among the Guarantors identified therein and General Electric Capital Corporation. | (F) |
| 10.27 | Pledge Agreement, dated as of November 15, 2006, by and among the Pledgors identified therein and General Electric Capital Corporation.       | (F) |
| 10.28 | Security Agreement, dated as of November 15, 2006, by and among the Grantors identified therein and General Electric Capital Corporation.     | (F) |

10.29	Second Lien Security Agreement, dated as of November 15, 2006, by and among the Grantors identified therein and General Electric Capital Corporation.	(F)
10.30	Commitment and Term Loan Engagement Letter dated March 12, 2010	(N)
10.31	Credit and Guaranty Agreement, dated as of April 6, 2010, among Radnet Management, Inc., as borrower, RadNet, Inc., certain subsidiaries and affiliates of Radnet Management, Inc., as guarantors, Barclays Capital, Deutsche Bank Securities Inc., GE Capital Markets, Inc. and Royal Bank of Canada, as joint bookrunners and joint lead arrangers, Deutsche Bank Securities Inc. and General Electric Capital Corporation, as co-syndication agents, RBC Capital Markets, as documentation agent, and Barclays Bank PLC, as administrative agent and collateral agent	(O)
14	Code of Financial Ethics	(C)
21	List of Subsidiaries	(N)
23.1	Consent of Registered Independent Public Accounting Firm	(N)
23.2	Consent of Registered Independent Public Accounting Firm	(P)
24	Power of Attorney	(N)
31.1	CEO Certification pursuant to Section 302	(P)
31.2	CFO Certification pursuant to Section 302	(P)
32.1	CEO Certification pursuant to Section 906	(P)
32.2	CFO Certification pursuant to Section 906	(P)

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\* Management contract with compensatory arrangement.

- (A) Incorporated by reference to exhibit filed in an amendment to Form 8-K report for June 12, 1992.
- (B) Incorporated by reference to exhibit filed with the Form 10-K for the year ended October 31, 2001.
- (C) Incorporated by reference to exhibit filed with the Form 10-K for the year ended October 31, 2003.
- (D) Incorporated by reference to exhibit filed with the Form 10-Q for the quarter ended January 31, 2004.
- (E) Incorporated by reference to exhibit filed with Registrant's Registration Statement on Form S-4 (File No. 333-136800).

- (F) Incorporated by reference to exhibit filed with Form 8-K for November 21, 2006.
- (G) Incorporated by reference to exhibit filed with Form 10-K for October 31, 2006.
- (H) Incorporated by reference to exhibit filed with Form 10-K/T for December 31, 2006.
- (I) Incorporated by reference to exhibit filed with Form 8-K for August 24, 2007.
- (J) Incorporated by reference to exhibit filed in an amendment to Form 10-K for December 31, 2007.
- (K) Incorporated by reference to exhibit filed with Form 10-Q for the quarter ended June 30, 2008.
- (L) Incorporated by reference to exhibit filed with Form 10-Q for the quarter ended March 31, 2008.
- (M) Incorporated by reference to exhibit filed with Form 8-K for September 4, 2008.
- (N) Incorporated by reference to the Form 10-K for December 31, 2009.
- (O) Incorporated by reference to exhibit filed with Form 8-K for April 6, 2010.
- (P) Filed herewith.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RADNET, INC.

Date: May 10, 2010

/s/ HOWARD G . BERGER, M.D.  
Howard G. Berger, M.D., President,  
Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of registrant in the capacities and on the dates indicated.

By /s/ HOWARD G . BERGER, Date: May 10, 2010  
M.D.  
Howard G. Berger, M.D., Director, Chief  
Executive Officer and President

By /s/ MARVIN S. CADWELL \* Date: May 10, 2010  
Marvin S. Cadwell, Director

By /s/ JOHN V. CRUES, III, M.D. Date: May 10, 2010  
\*  
John V. Crues, III, M.D., Director

By /s/ NORMAN R. HAMES \* Date: May 10, 2010  
Norman R. Hames, Director

By /s/ DAVID L. SWARTZ \* Date: May 10, 2010  
David L. Swartz, Director

By /s/ LAWRENCE L. LEVITT \* Date: May 10, 2010  
Lawrence L. Levitt, Director

By /s/ MICHAEL L. SHERMAN, M.D. \* Date: May 10, 2010  
Michael L. Sherman, M.D., Director

By /s/ MARK D. STOLPER Date: May 10, 2010

Mark D. Stolper, Chief Financial Officer (Principal  
Accounting Officer)

\* By Mark D. Stolper, as attorney-in-fact