

Southern VA General Dentistry
MERGER FINANCIAL SUMMARY FOR PRACTICE 7018 8/9/2010 10:14

The following summary illustrates a projected year's income and expenses for the subject practice which incorporates a 4% increase in fees and overhead expense but no increase in production. Although all variable expenses are included, fixed expenses that will not be duplicated are not included. This summary is not a representation or warranty of future practice performance. Purchasers should obtain legal and accounting counsel prior to any purchase decision. **NOTE: Practice price does not include accounts receivable.**

PRACTICE INCOME				
EXPECTED GROSS COLLECTION INCREASE			\$353,360	100.0%
	HYGIENE COMPONENT		\$102,474	29.0%
	DENTIST COMPONENT		\$250,886	71.0%
		RETAINED SELLER	\$0	0.0%
		ASSOCIATE	\$0	0.0%
		PURCHASER	\$250,886	71.0%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$84,118	23.8%
	LABORATORY		\$9,106	2.6%
	CLINICAL SUPPLIES		\$17,576	5.0%
	OTHER VARIABLE EXPENSE		\$7,856	2.2%
TOTAL VARIABLE EXPENSE INCREASE			\$118,655	33.6%
FIXED EXPENSE INCREASE				
	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.8%
	LEGAL & ACCOUNTING		\$3,500	1.0%
	INSURANCE		\$1,500	0.4%
	OTHER FIXED EXPENSE		\$6,000	1.7%
TOTAL FIXED EXPENSE INCREASE			\$14,000	4.0%
DEBT SERVICE INCREASE				
	INTEREST		\$33,143	9.4%
	PRINCIPAL		\$35,152	9.9%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$68,295	19.3%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$353,360	100.0%
EXPECTED INCREASED EXPENSES			\$132,656	37.5%
EXPECTED INCREASED DEBT SERVICE			\$68,295	19.3%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$152,409	60.7%
PURCHASER PRODUCED PRODUCTION			\$250,886	71.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$35,152	14.0%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$11,374	4.5%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$198,935	79.3%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$225,000	66%
	WORKING CAPITAL		\$17,000	4.8%
	TOTAL LOAN		\$242,000	68.5%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$5,691	19.3%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$5,124	17.4%

Southern VA

MERGER DATA SUMMARY FOR PRACTICE NUMBER 7018

The following data is provided by the owner of the practice. It is believed to the best of the owner's knowledge to be a true and accurate representation of the facts of the practice. It is the responsibility of any purchaser to verify all information contained herein and to seek qualified counsel in the interpretation and verification thereof.

OFFICE DATA

SQUARE FOOTAGE OF OFFICE	2,150
EXPANDABLE FOOTAGE	Yes
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	12
PROXIMITY OF PARKING PLACES	On office lot
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	4
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	
NUMBER OF PLUMBED BUT UNEQUIPPED OPERATORIES	
NUMBER OF UNPLUMBED EMPTY OPERATORIES	
DATE OF LEASE i.e. "1/1/99"	
DATE LEASE ENDS - i.e. "1/1/04"	
TERM OF LEASE IN YEARS i.e. "5"	
YEARS REMAINING ON LEASE i.e. "2.5"	
RENEWAL OPTIONS	
DO YOU OWN YOUR BUILDING? "YES" OR "NO"	Yes
DO YOU WISH TO SELL THE BUILDING? "YES" OR "NO"	Yes
PRICE OF BUILDING	\$200,000
IF NOT FOR SALE, MO. RENTAL AMOUNT	
ANNUAL REAL ESTATE TAXES	\$800
ANNUAL REAL ESTATE INSURANCE COST	\$1,400
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	\$1,798
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$10.03

WORK SCHEDULE

PLANS AFTER SALE OF PRACTICE	Relocation to North Carolina
DAYS/WEEK CURRENTLY WORKED	4
ENTER DESIRED DAYS WORKED FOR NEW BUYER SALE	
DESIRED WORK DAYS/WEEK 1ST YR	0
DESIRED WORK DAYS/WEEK 2ND YR	0
DESIRED WORK DAYS/WEEK 3RD YR	0
DESIRED WORK DAYS/WEEK 4TH YR	0
DESIRED WORK DAYS/WEEK 5TH YR	0
DESIRED WORK DAYS/WEEK 6TH YR	0

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS	Dr. John Wagner
RESULTS	
DESCRIBE INTERNAL MARKETING	
DESCRIBE EXTERNAL MARKETING	Yellow page ads, High school bulletins & posters for sports teams
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	No
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	4,500
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	8
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	18
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	
HOW FAR AHEAD IS DENTIST SCHEDULED?	1 week
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	
% PRACTICE INCOME FROM CASH	
% OF PATIENTS PAYING CASH	
% PRACTICE INCOME FROM INSURANCE	50%
% OF PATIENTS WITH INSURANCE	50%
% PRACTICE INCOME FROM HMO	
% OF PATIENTS WITH HMO	
% PRACTICE INCOME FROM PPO	10%
% OF PATIENTS WITH PPO	10%
% PRACTICE INCOME FROM CAPITATION	40%
% OF PATIENTS WITH CAPITATION	40%
% PRACTICE INCOME FROM MEDICAID	
% OF PATIENTS WITH MEDICAID	
% PRACTICE INCOME WITH REDUCED FEE PLANS	50%
% OF PATIENTS WITH REDUCED FEE PLANS	50%
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
OFFICE HOURS	MONDAY 8:00 am - 5:00 pm
	TUESDAY 8:00 am - 5:00 pm
	WEDNESDAY 8:00 am - 5:00 pm
	THURSDAY 8:00 am - 5:00 pm
	FRIDAY
	SATURDAY
DENTIST HOURS WORKED PER WEEK	32
HYGIENIST HOURS WORKED PER WEEK	
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	
HYGIENE PATIENT VISITS PER YEAR	
NUMBER OF DAYS WORKED PER YEAR	
NUMBER OF WEEKS WORKED PER YEAR	49
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$93,000
SIX WEEKS ACCOUNTS RECEIVABLE	\$40,772
WHAT IS YOUR COLLECTION PERCENTAGE	
WHAT TYPE RECALL SYSTEM	Computer
WHAT TYPE COMPUTER SYSTEM	Practice Works, Dell (Office server and in 2 operatories)

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	29%
OPERATIVE	25%
PEDODONTICS	0%
ORTHODONTICS	0%
IMPLANTS	1%
REMOVABLE PROSTHETICS	20%
FIXED PROSTHETICS	20%
ENDODONTICS	0%
PERIODONTICS	0%
ORAL SURGERY	5%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	0%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	60%
LOCATION DEMAND SCALE 0% - 100%	20%
PLAN / MEDICAID PRACTICE %	50%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$68
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	\$142
TWO SURFACE AMALGAM 02150	\$118
CORE BUILD-UP INCLUDING PINS 02950	\$185
GOLD / PORCELAIN CROWN 02750	\$947
ANTERIOR CANAL ROOT CANAL 03310	
BICUSPID ROOT CANAL 03320	
LABIAL PORCELAIN VENEER 02962	
AVERAGE OF FEES	\$292
PERCENT OF FEE PARITY	86%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	7,000
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	25,000
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES WITHIN	1
MAJOR EMPLOYERS IN AREA	ABB Power, Burligton, Presto Products, Annin Flag, Halifax Regional Hospital, Walmart
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$ _____	_____	_____
OFFICE MANAGER	\$18,900	Yes	_____
RECEPTIONIST	\$ _____	_____	_____
ASSISTANT	\$18,900	Yes	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$42,140	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER			
DESCRIBE FRINGE BENEFITS AND VALUE			
DO YOU HIRE ANY UNPAID FAMILY MEMBERS			
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE			
PRODUCTION CENTERS			
	YEAR TO DATE	LAST YEAR	TWO YEARS AGO
ENTER YEAR	_____ TO _____	_____	_____
GROSS PRODUCTION	\$ _____	\$ _____	\$ _____
HYGIENISTS	\$ _____	\$ _____	\$ _____
OWNER	\$ _____	\$ _____	\$ _____
ASSOCIATE	\$ _____	\$ _____	\$ _____
ASSOCIATE	\$ _____	\$ _____	\$ _____
ASSOCIATE	\$ _____	\$ _____	\$ _____
ENTER ASSOCIATE SALARY IN DOLLARS IF FIXED			
ENTER ASSOCIATE COMMISSION PERCENTAGE			
ENTER HYGIENIST SALARY IN DOLLARS IF FIXED	\$215/day		
ENTER HYGIENIST COMMISSION PERCENTAGE			
CONFORMITY DATA			
DOES YOUR PRACTICE MEET OSHA STANDARDS?	Yes		
WHY NOT			
DOES YOUR PRACTICE MEET CDC STANDARDS?	Yes		
WHY NOT			
DOES PRACTICE MEET ALL GOVERNMENTAL REGULATIONS?	Yes		
EXPLAIN ANY DISCREPANCIES			
HAVE YOU HAD ANY DISCIPLINARY ACTION IN LAST 7 YRS	No		
EXPLAIN			
HAVE YOU HAD ANY PRACTICE RELATED SUITS FILED	No		
AGAINST YOU IN THE PAST TEN YEARS? EXPLAIN			
DESCRIBE ANY HEALTH PROBLEMS WHICH WOULD AFFECT	None		
YOUR PRACTICE OF DENTISTRY			