

**Sandhills/Southern Pine Area, North Carolina General Dentistry**

**MERGER FINANCIAL SUMMARY FOR PRACTICE 8191**

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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**

<b>EXPECTED GROSS COLLECTION INCREASE</b>			\$553,049	100.0%
	HYGIENE COMPONENT		\$154,854	28.0%
	DENTIST COMPONENT		\$398,196	72.0%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$398,196	72.0%

**VARIABLE EXPENSE INCREASE**

	WAGES, PAYROLL TAX, ETC.		\$135,790	24.6%
	LABORATORY		\$36,229	6.6%
	CLINICAL SUPPLIES		\$22,967	4.2%
	OTHER VARIABLE EXPENSE		\$11,348	2.1%
<b>TOTAL VARIABLE EXPENSE INCREASE</b>			<b>\$206,334</b>	<b>37.3%</b>

**FIXED EXPENSE INCREASE**

	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.5%
	LEGAL & ACCOUNTING		\$3,500	0.6%
	INSURANCE		\$1,500	0.3%
	OTHER FIXED EXPENSE		\$12,235	2.2%
<b>TOTAL FIXED EXPENSE INCREASE</b>			<b>\$20,235</b>	<b>3.7%</b>

**DEBT SERVICE INCREASE**

	INTEREST		\$37,009	6.7%
	PRINCIPAL		\$44,433	8.0%
<b>TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE</b>			<b>\$81,443</b>	<b>14.7%</b>

**SUMMARY**

<b>EXPECTED INCREASED COLLECTIONS</b>			\$553,049	100.0%
<b>EXPECTED INCREASED EXPENSES</b>			\$226,568	41.0%
<b>EXPECTED INCREASED DEBT SERVICE</b>			\$81,443	14.7%
<b>EXPECTED INCREASED NET INCOME &amp; PERCENT OF PERSONAL PRODUCTION</b>			<b>\$245,038</b>	<b>61.5%</b>
PURCHASER PRODUCED PRODUCTION			\$398,196	72.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$44,433	11.2%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$14,172	3.6%
<b>TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY &amp; % PERSONAL PROD</b>			<b>\$303,643</b>	<b>76.3%</b>

**THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:**

	SALES PRICE & PERCENT OF GROSS		\$325,000	61%
	WORKING CAPITAL		\$27,000	4.9%
	TOTAL LOAN		\$352,000	63.6%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$6,787	14.7%
	ESTIMATED MONTHLY HYGIENE/ASSSOC PROFIT		\$7,743	16.8%

**Sandhills/Southern Pine Area, North Carolina**

**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8191**

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	1,325
EXPANDABLE FOOTAGE	
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	8-10
PROXIMITY OF PARKING PLACES	Close
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	2
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	1
NUMBER OF PLUMBED BUT UNEQUIPPED OPERATORIES	1 partially equipped
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	\$125,000
IF NOT FOR SALE, MO. RENTAL AMOUNT	
ANNUAL REAL ESTATE TAXES	\$1,747
ANNUAL REAL ESTATE INSURANCE COST	\$1,901
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	\$1,124
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$10.18

**WORK SCHEDULE**

PLANS AFTER SALE OF PRACTICE	Possible employment with NC Dept of Corrections
DAYS/WEEK CURRENTLY WORKED	3.5
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

**OTHER PRACTICE INFORMATION:**

Practice is very busy now, but could be supplemented by adding endo, perio, and soft tissue management. There are no pedo or specialists in area.

<b>PRACTICE DATA</b>	
WHAT CONSULTANT USED IN PAST 5 YRS	None
RESULTS	
DESCRIBE INTERNAL MARKETING	Patient referrals
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	No
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	1,900
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	15
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	15
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	10
HOW FAR AHEAD IS DENTIST SCHEDULED?	3 months
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	nine months
% PRACTICE INCOME FROM CASH	50%
% OF PATIENTS PAYING CASH	50%
% PRACTICE INCOME FROM INSURANCE	50%
% OF PATIENTS WITH INSURANCE	50%
% PRACTICE INCOME FROM HMO	
% OF PATIENTS WITH HMO	
% PRACTICE INCOME FROM PPO	
% OF PATIENTS WITH PPO	
% PRACTICE INCOME FROM CAPITATION	
% OF PATIENTS WITH CAPITATION	
% PRACTICE INCOME FROM MEDICAID	
% OF PATIENTS WITH MEDICAID	
% PRACTICE INCOME WITH REDUCED FEE PLANS	
% OF PATIENTS WITH REDUCED FEE PLANS	
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
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 - 12:00 pm
	FRIDAY
	SATURDAY
DENTIST HOURS WORKED PER WEEK	28
HYGIENIST HOURS WORKED PER WEEK	28
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	2,928
HYGIENE PATIENT VISITS PER YEAR	2,050
NUMBER OF DAYS WORKED PER YEAR	194
NUMBER OF WEEKS WORKED PER YEAR	50
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$24,557
SIX WEEKS ACCOUNTS RECEIVABLE	\$63,813
WHAT IS YOUR COLLECTION PERCENTAGE	98%
WHAT TYPE RECALL SYSTEM	six-eight month recall
WHAT TYPE COMPUTER SYSTEM	Lytec dental software

<b>WHAT % OF THE PRACTICE INCOME IS:</b>	
HYGIENIST PRODUCTION	28%
OPERATIVE	25%
PEDODONTICS	5%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	15%
FIXED PROSTHETICS	15%
ENDODONTICS	0%
PERIODONTICS	0%
ORAL SURGERY	9%
COSMETIC	3%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	0%
TOTAL	100%
<b>MARKET FACTOR DATA</b>	
EQUIPMENT FACTOR SCALE 0% - 100%	50%
LOCATION DEMAND SCALE 0% - 100%	25%
PLAN / MEDICAID PRACTICE %	
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
<b>FEE SCHEDULE</b>	
ADULT PROPHY 01110	\$45
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	\$105
TWO SURFACE AMALGAM 02150	\$85
CORE BUILD-UP INCLUDING PINS 02950	\$110
GOLD / PORCELAIN CROWN 02750	\$625
ANTERIOR CANAL ROOT CANAL 03310	
BICUSPID ROOT CANAL 03320	
LABIAL PORCELAIN VENEER 02962	
AVERAGE OF FEES	\$194
PERCENT OF FEE PARITY	57%
<b>DEMOGRAPHIC DATA</b>	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	6,200
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	30,000
NUMBER OF DENTISTS WITHIN 5 MILES	8
NUMBER NEW DENTISTS WITHIN 5 MILES IN LAST 5 YEARS	1
MAJOR EMPLOYERS IN AREA	Richmond County Schools, Perdue Farms, Sara Lee Hosiery, Burlington Industries, First Health Richmond, CSX Railroad, Owens Illinois
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Modulr plant and plastic plants coming soon; railroad renovation.

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$11,596 PT	YES	1989
OFFICE MANAGER	\$23,010	YES	1988
RECEPTIONIST	\$ _____	_____	_____
ASSISTANT	\$16,640	YES	2001
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$45,000	YES	1980
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE	Health insurance for hygienist and office mgr(\$600/month)		
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	\$50/day 25% Gross Production Exam Prophy X-rays		
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 YOUR PRACTICE OF DENTISTRY	None		