

South Central Virginia General Dentistry
MERGER FINANCIAL SUMMARY FOR PRACTICE 8270 3/26/2011 16:20

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			\$817,149	100.0%
	HYGIENE COMPONENT		\$187,944	23.0%
	DENTIST COMPONENT		\$629,205	77.0%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$629,205	77.0%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$176,032	21.5%
	LABORATORY		\$32,205	3.9%
	CLINICAL SUPPLIES		\$45,523	5.6%
	OTHER VARIABLE EXPENSE		\$12,998	1.6%
TOTAL VARIABLE EXPENSE INCREASE			\$266,758	32.6%
FIXED EXPENSE INCREASE				
	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.4%
	LEGAL & ACCOUNTING		\$3,500	0.4%
	INSURANCE		\$1,500	0.2%
	OTHER FIXED EXPENSE		\$1,905	0.2%
TOTAL FIXED EXPENSE INCREASE			\$9,905	1.2%
DEBT SERVICE INCREASE				
	INTEREST		\$41,965	5.1%
	PRINCIPAL		\$57,851	7.1%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$99,817	12.2%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$817,149	100.0%
EXPECTED INCREASED EXPENSES			\$276,663	33.9%
EXPECTED INCREASED DEBT SERVICE			\$99,817	12.2%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$440,669	70.0%
PURCHASER PRODUCED PRODUCTION			\$629,205	77.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$57,851	9.2%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$19,447	3.1%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$517,968	82.3%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$478,000	61%
	WORKING CAPITAL		\$39,000	4.8%
	TOTAL LOAN		\$517,000	63.3%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$8,318	12.2%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$9,397	13.8%

South Central Virginia**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8270**

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	1,770
EXPANDABLE FOOTAGE	
CURRENT MONTHLY RENTAL i.e. "1200"	\$1,275
PRICE PER SQUARE FOOT	\$8.64
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	18
PROXIMITY OF PARKING PLACES	Adjacent
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	2
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	2
NUMBER OF PLUMBED BUT UNEQUIPPED OPERATORIES	
NUMBER OF UNPLUMBED EMPTY OPERATORIES	
DATE OF LEASE i.e. "1/1/99"	January-03
DATE LEASE ENDS - i.e. "1/1/04"	March-06
TERM OF LEASE IN YEARS i.e. "5"	3
YEARS REMAINING ON LEASE i.e. "2.5"	
RENEWAL OPTIONS	Renew or purchase
DO YOU OWN YOUR BUILDING? "YES" OR "NO"	No
DO YOU WISH TO SELL THE BUILDING? "YES" OR "NO"	No
PRICE OF BUILDING	
IF NOT FOR SALE, MO. RENTAL AMOUNT	
ANNUAL REAL ESTATE TAXES	
ANNUAL REAL ESTATE INSURANCE COST	
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	

WORK SCHEDULE

PLANS AFTER SALE OF PRACTICE	Retirement
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	None
RESULTS	
DESCRIBE INTERNAL MARKETING	Not needed. No one in the area is taking new patients; we are all too busy.
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	3,500
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	48
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	20
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	10
HOW FAR AHEAD IS DENTIST SCHEDULED?	two months
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	six months
% PRACTICE INCOME FROM CASH	100%
% OF PATIENTS PAYING CASH	100%
% PRACTICE INCOME FROM INSURANCE	
% OF PATIENTS WITH INSURANCE	
% 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	
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
OFFICE HOURS	MONDAY 8:30 am - 5:00 pm
	TUESDAY 8:30 am - 5:00 pm
	WEDNESDAY 8:30 am - 5:00 pm
	THURSDAY 8:30 am - 5:00 pm
	FRIDAY
	SATURDAY
DENTIST HOURS WORKED PER WEEK	36
HYGIENIST HOURS WORKED PER WEEK	36
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	48
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$49,312
SIX WEEKS ACCOUNTS RECEIVABLE	\$94,286
WHAT IS YOUR COLLECTION PERCENTAGE	
WHAT TYPE RECALL SYSTEM	EZ Dental
WHAT TYPE COMPUTER SYSTEM	EZ Dental

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	23%
OPERATIVE	34%
PEDODONTICS	0%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	5%
FIXED PROSTHETICS	3%
ENDODONTICS	3%
PERIODONTICS	1%
ORAL SURGERY	2%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	29%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	50%
LOCATION DEMAND SCALE 0% - 100%	40%
PLAN / MEDICAID PRACTICE %	
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$56
GOLD INLAY 02540	\$588
TWO SURFACE POSTERIOR COMPOSITE 02386	\$139
TWO SURFACE AMALGAM 02150	\$100
CORE BUILD-UP INCLUDING PINS 02950	\$175
GOLD / PORCELAIN CROWN 02750	\$688
ANTERIOR CANAL ROOT CANAL 03310	\$423
BICUSPID ROOT CANAL 03320	\$561
LABIAL PORCELAIN VENEER 02962	\$685
AVERAGE OF FEES	\$379
PERCENT OF FEE PARITY	68%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	37,000
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	50,000
NUMBER OF DENTISTS WITHIN 5 MILES	1
NUMBER NEW DENTISTS WITHIN 5 MILES IN LAST 5 YEARS	
MAJOR EMPLOYERS IN AREA	ABB, Dollar General
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	\$23,168	Yes	2003
OFFICE MANAGER	\$26,825	Yes	2003
RECEPTIONIST	\$ _____	_____	_____
ASSISTANT	\$24,054	Yes	2003
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$38,005	Yes	2004
HYGIENIST	\$33,168	Yes	2003
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE	401K and paid vacations		
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	one gets \$230/day; the other \$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 YOUR PRACTICE OF DENTISTRY	None		