

Southern Virginia General Dentistry
MERGER FINANCIAL SUMMARY FOR PRACTICE 8400 2/5/2010 17:25

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			\$523,780	100.0%
	HYGIENE COMPONENT		\$120,469	23.0%
	DENTIST COMPONENT		\$403,311	77.0%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$523,780	100.0%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$132,343	25.3%
	LABORATORY		\$16,508	3.2%
	CLINICAL SUPPLIES		\$16,905	3.2%
	OTHER VARIABLE EXPENSE		\$6,123	1.2%
TOTAL VARIABLE EXPENSE INCREASE			\$171,879	32.8%
FIXED EXPENSE INCREASE				
	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.6%
	LEGAL & ACCOUNTING		\$3,500	0.7%
	INSURANCE		\$1,500	0.3%
	OTHER FIXED EXPENSE		\$5,702	1.1%
TOTAL FIXED EXPENSE INCREASE			\$13,702	2.6%
DEBT SERVICE INCREASE				
	INTEREST		\$49,881	9.5%
	PRINCIPAL		\$52,218	10.0%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$102,099	19.5%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$523,780	100.0%
EXPECTED INCREASED EXPENSES			\$185,581	35.4%
EXPECTED INCREASED DEBT SERVICE			\$102,099	19.5%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$236,101	45.1%
PURCHASER PRODUCED PRODUCTION			\$523,780	100.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$52,218	10.0%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$15,209	2.9%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD			\$303,528	57.9%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$312,000	62%
	WORKING CAPITAL		\$25,000	4.8%
	TOTAL LOAN		\$337,000	64.3%
	LOAN INTEREST RATE		8.65%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$8,508	19.5%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$6,023	13.8%

Southern Virginia**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8400**

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	2,200
EXPANDABLE FOOTAGE	1,722
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	
PROXIMITY OF PARKING PLACES	Adjacent
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	3
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	
NUMBER OF PLUMBED BUT UNEQUIPPED OPERATORIES	5
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	\$350,000
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	\$3,146
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$17.16

WORK SCHEDULE

PLANS AFTER SALE OF PRACTICE	Volunteer at UNC Dental School, travel, consult
DAYS/WEEK CURRENTLY WORKED	4.5
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:

Low income to middle class practice and low dental IQ. Vast majority only want dental work that a third party will pay for. Staff have been with practice a long time; they know dentistry and know the people that live in the area. Patients come from North Carolina and as far north as Roanoke. Economy is diversifying after losing Dan River Mills. Most people have dental insurance. Every patient should have thorough diagnosis, treatment plan and financial plan before definitive treatment commences.

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS	
RESULTS	
DESCRIBE INTERNAL MARKETING	Direct mailed letters to most Virginia public health dentists and also offered the practice to a local public health dentist.
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	Yes, it has increased because of bringing our fee schedule up to date and making a conscious effort to dedicate more hours to work.
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS!	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	2,450
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	100
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	30
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	
HOW FAR AHEAD IS DENTIST SCHEDULED?	two weeks fully scheduled and six weeks partially
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	
% PRACTICE INCOME FROM CASH	3%
% OF PATIENTS PAYING CASH	2%
% PRACTICE INCOME FROM INSURANCE	47%
% OF PATIENTS WITH INSURANCE	49%
% 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	50%
% OF PATIENTS WITH MEDICAID	49%
% PRACTICE INCOME WITH REDUCED FEE PLANS	50%
% OF PATIENTS WITH REDUCED FEE PLANS	49%
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS!	
OFFICE HOURS	MONDAY 9:00 - 5:30
	TUESDAY 9:00 - 5:30
	WEDNESDAY 9:00 - 5:30
	THURSDAY 9:00 - 5:30
	FRIDAY 9:00 - 1:00
	SATURDAY
DENTIST HOURS WORKED PER WEEK	34
HYGIENIST HOURS WORKED PER WEEK	
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	4,500
HYGIENE PATIENT VISITS PER YEAR	
NUMBER OF DAYS WORKED PER YEAR	210
NUMBER OF WEEKS WORKED PER YEAR	48
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$40,000
SIX WEEKS ACCOUNTS RECEIVABLE	\$60,436
WHAT IS YOUR COLLECTION PERCENTAGE	98%
WHAT TYPE RECALL SYSTEM	Mail; phone
WHAT TYPE COMPUTER SYSTEM	

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	0%
OPERATIVE	70%
PEDODONTICS	20%
ORTHODONTICS	0%
IMPLANTS	1%
REMOVABLE PROSTHETICS	0%
FIXED PROSTHETICS	0%
ENDODONTICS	1%
PERIODONTICS	3%
ORAL SURGERY	5%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	0%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	50%
LOCATION DEMAND SCALE 0% - 100%	40%
PLAN / MEDICAID PRACTICE %	50%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$60
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	\$128
TWO SURFACE AMALGAM 02150	\$93
CORE BUILD-UP INCLUDING PINS 02950	
GOLD / PORCELAIN CROWN 02750	\$758
ANTERIOR CANAL ROOT CANAL 03310	\$600
BICUSPID ROOT CANAL 03320	\$685
LABIAL PORCELAIN VENEER 02962	
AVERAGE OF FEES	\$387
PERCENT OF FEE PARITY	76%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	50,000
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	100,000
NUMBER OF DENTISTS WITHIN 5 MILES	20
NUMBER NEW DENTISTS WITHIN 5 MILES IN LAST 5 YEARS	1
MAJOR EMPLOYERS IN AREA	Goodyear Tire & Rubber, Danville Regional Medical Center, CIT, Columbia Forest Products, Culp
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Demise of Dan River Mills had minimal impact on the practice.

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$29,000	Maybe	1989
OFFICE MANAGER	\$33,000	Maybe	1986
RECEPTIONIST	\$ _____	_____	_____
ASSISTANT	\$33,000	Maybe	2000
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE	Pension plan and health insurance		
DO YOU HIRE ANY UNPAID FAMILY MEMBERS	No		
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			
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		