

## MERGER FINANCIAL SUMMARY FOR PRACTICE 8453

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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**

EXPECTED GROSS COLLECTION INCREASE			\$734,962	100.0%
	HYGIENE COMPONENT		\$198,440	27.0%
	DENTIST COMPONENT		\$536,522	73.0%
		RETAINED SELLER	\$0	0.0%
		ASSOCIATE	\$0	0.0%
		PURCHASER	\$536,522	73.0%

**VARIABLE EXPENSE INCREASE**

	WAGES, PAYROLL TAX, ETC.		\$195,456	26.6%
	LABORATORY		\$68,105	9.3%
	CLINICAL SUPPLIES		\$33,263	4.5%
	OTHER VARIABLE EXPENSE		\$11,507	1.6%
TOTAL VARIABLE EXPENSE INCREASE			\$308,331	42.0%

**FIXED EXPENSE INCREASE**

	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.4%
	LEGAL & ACCOUNTING		\$3,500	0.5%
	INSURANCE		\$1,500	0.2%
	OTHER FIXED EXPENSE		\$10,481	1.4%
TOTAL FIXED EXPENSE INCREASE			\$18,481	2.5%

**DEBT SERVICE INCREASE**

	INTEREST		\$39,287	5.3%
	PRINCIPAL		\$54,159	7.4%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$93,445	12.7%

**SUMMARY**

EXPECTED INCREASED COLLECTIONS			\$734,962	100.0%
EXPECTED INCREASED EXPENSES			\$326,812	44.5%
EXPECTED INCREASED DEBT SERVICE			\$93,445	12.7%
<b>EXPECTED INCREASED NET INCOME &amp; PERCENT OF PERSONAL PRODUCTION</b>			<b>\$314,705</b>	<b>58.7%</b>
PURCHASER PRODUCED PRODUCTION			\$536,522	73.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$54,159	10.1%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$22,051	4.1%
<b>TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY &amp; % PERSONAL PROD</b>			<b>\$390,915</b>	<b>72.9%</b>

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

	SALES PRICE & PERCENT OF GROSS		\$449,000	64%
	WORKING CAPITAL		\$35,000	4.8%
	TOTAL LOAN		\$484,000	65.9%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$7,787	12.7%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$9,922	16.2%

Tryon, NC

**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8453**

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	1,400
EXPANDABLE FOOTAGE	Building has 2,800 sq ft (600 storage downstairs; 800 rental)
CURRENT MONTHLY RENTAL i.e. "1200"	\$1,500
PRICE PER SQUARE FOOT	\$12.86
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	5
PROXIMITY OF PARKING PLACES	Sidewalk in front of office
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	4
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-95
DATE LEASE ENDS - i.e. "1/1/04"	year to year tenancy
TERM OF LEASE IN YEARS i.e. "5"	year to year tenancy
YEARS REMAINING ON LEASE i.e. "2.5"	Yes
RENEWAL OPTIONS	
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

<b>PRACTICE DATA</b>	
WHAT CONSULTANT USED IN PAST 5 YRS	David Keller and Charles Blair
RESULTS	
DESCRIBE INTERNAL MARKETING	Word of mouth recommendations. Very informal.
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	No--one doctor began making longer appointments and working 3 days/week in 2003
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	1,500
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	11
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	21
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	21
HOW FAR AHEAD IS DENTIST SCHEDULED?	four weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	seven months
% PRACTICE INCOME FROM CASH	67%
% OF PATIENTS PAYING CASH	67%
% PRACTICE INCOME FROM INSURANCE	30%
% OF PATIENTS WITH INSURANCE	30%
% 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	3%
% OF PATIENTS WITH MEDICAID	3%
% PRACTICE INCOME WITH REDUCED FEE PLANS	3%
% OF PATIENTS WITH REDUCED FEE PLANS	3%
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
OFFICE HOURS	MONDAY 8:30 am - 1:00 pm and 2:00 pm - 5:00 pm
	TUESDAY 8:30 am - 1:00 pm and 2:00 pm - 5:00 pm
	WEDNESDAY 8:30 am - 12:00 pm and 2:00 pm - 5:00 pm
	THURSDAY 8:30 am - 1:00 pm and 2:00 pm - 5:00 pm
	FRIDAY
	SATURDAY
DENTIST HOURS WORKED PER WEEK	30
HYGIENIST HOURS WORKED PER WEEK	54
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	1,800
HYGIENE PATIENT VISITS PER YEAR	3,349
NUMBER OF DAYS WORKED PER YEAR	189
NUMBER OF WEEKS WORKED PER YEAR	51
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$62,549
SIX WEEKS ACCOUNTS RECEIVABLE	\$84,803
WHAT IS YOUR COLLECTION PERCENTAGE	95%
WHAT TYPE RECALL SYSTEM	Schedule six months ahead, reminder call two days before appt
WHAT TYPE COMPUTER SYSTEM	Dentrix

<b>WHAT % OF THE PRACTICE INCOME IS:</b>	
HYGIENIST PRODUCTION	27%
OPERATIVE	60%
PEDODONTICS	0%
ORTHODONTICS	0%
IMPLANTS	2%
REMOVABLE PROSTHETICS	3%
FIXED PROSTHETICS	5%
ENDODONTICS	1%
PERIODONTICS	0%
ORAL SURGERY	2%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	0%
TOTAL	100%
<b>MARKET FACTOR DATA</b>	
EQUIPMENT FACTOR SCALE 0% - 100%	35%
LOCATION DEMAND SCALE 0% - 100%	35%
PLAN / MEDICAID PRACTICE %	3%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
<b>FEE SCHEDULE</b>	
ADULT PROPHY 01110	\$71
GOLD INLAY 02540	\$721
TWO SURFACE POSTERIOR COMPOSITE 02386	\$135
TWO SURFACE AMALGAM 02150	\$123
CORE BUILD-UP INCLUDING PINS 02950	\$116
GOLD / PORCELAIN CROWN 02750	\$850
ANTERIOR CANAL ROOT CANAL 03310	\$525
BICUSPID ROOT CANAL 03320	
LABIAL PORCELAIN VENEER 02962	
AVERAGE OF FEES	\$363
PERCENT OF FEE PARITY	79%
<b>DEMOGRAPHIC DATA</b>	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	1,800
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	40,000 - 50,000
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES WITHIN	nine
MAJOR EMPLOYERS IN AREA	twelve
	St. Luke's Hospital, Polk County Schools, Timken Co.
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Aprx. 30 new developments, mostly high end with some emphasizing equestrian activities or golf. New wine industry.

<b>STAFF DATA</b>			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$12,051 PT	Yes	1981
OFFICE MANAGER	\$20,532	Yes	2004
RECEPTIONIST	\$ 9,673 PT	Yes	1979
ASSISTANT	\$19,789	Yes	1999
ASSISTANT	\$21,430	Yes	2003
ASSISTANT	\$ 854 PT	Yes	1986
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$45,590	Yes	1992
HYGIENIST	\$66,275	Yes	2000
HYGIENIST	\$ 3,073 PT	Yes	2006
HYGIENIST	\$ 1,077 PT	Yes	2004
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$16,253	No	1996
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE			
DO YOU HIRE ANY UNPAID FAMILY MEMBERS			
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE			
<b>PRODUCTION CENTERS</b>			
	YEAR TO DATE	LAST YEAR	TWO YEARS AGO
ENTER YEAR	1/1/07 TO 2/28/07	2006	2005
GROSS PRODUCTION	\$149,472	\$846,261.50	\$895,463.00
HYGIENISTS	\$ 44,170	\$241,843.00	\$268,037.00
OWNER	\$ 52,780	\$202,048.00	\$224,065.00
ASSOCIATE	\$ 52,522	\$402,370.50	\$403,361.00
ASSOCIATE	\$ _____	\$ _____	\$ _____
ASSOCIATE	\$ _____	\$ _____	\$ _____
ENTER ASSOCIATE SALARY IN DOLLARS IF FIXED			
ENTER ASSOCIATE COMMISSION PERCENTAGE			
ENTER HYGIENIST SALARY IN DOLLARS IF FIXED			
ENTER HYGIENIST COMMISSION PERCENTAGE			
<b>CONFORMITY DATA</b>			
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		