

Tri-Cities Area, TN	General Dentistry
MERGER FINANCIAL SUMMARY FOR PRACTICE 8593	4/6/2010 18:21

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			\$1,214,442	100.0%
	HYGIENE COMPONENT		\$425,055	35.0%
	DENTIST COMPONENT		\$789,388	65.0%
		RETAINED SELLER	\$0	0.0%
		ASSOCIATE	\$0	0.0%
		PURCHASER	\$789,388	65.0%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$328,168	27.0%
	LABORATORY		\$102,059	8.4%
	CLINICAL SUPPLIES		\$77,622	6.4%
	OTHER VARIABLE EXPENSE		\$25,177	2.1%
TOTAL VARIABLE EXPENSE INCREASE			\$533,026	43.9%
FIXED EXPENSE INCREASE				
	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.2%
	LEGAL & ACCOUNTING		\$3,500	0.3%
	INSURANCE		\$1,500	0.1%
	OTHER FIXED EXPENSE		\$14,285	1.2%
TOTAL FIXED EXPENSE INCREASE			\$22,285	1.8%
DEBT SERVICE INCREASE				
	INTEREST		\$73,459	6.0%
	PRINCIPAL		\$101,268	8.3%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$174,727	14.4%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$1,214,442	100.0%
EXPECTED INCREASED EXPENSES			\$555,311	45.7%
EXPECTED INCREASED DEBT SERVICE			\$174,727	14.4%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$484,404	61.4%
PURCHASER PRODUCED PRODUCTION			\$789,388	65.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$101,268	12.8%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$34,777	4.4%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$620,449	78.6%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$847,000	73%
	WORKING CAPITAL		\$58,000	4.8%
	TOTAL LOAN		\$905,000	74.5%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$14,561	14.4%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$21,253	21.0%

Tri-Cities Area, TN**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8593**

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	3,000
EXPANDABLE FOOTAGE	
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	26
PROXIMITY OF PARKING PLACES	Door
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	9
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	9 (same operatories as for dentist - office has a total of 9 ops)
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"	No
PRICE OF BUILDING	
IF NOT FOR SALE, MO. RENTAL AMOUNT	\$3,750
ANNUAL REAL ESTATE TAXES	\$1,000
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	\$15.00

WORK SCHEDULE

PLANS AFTER SALE OF PRACTICE	
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:

Patients first (services), money will follow.

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS	No
RESULTS	
DESCRIBE INTERNAL MARKETING	None
DESCRIBE EXTERNAL MARKETING	Yellow Pages; sponsor Little League Baseball Team (8 years)
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	Somewhat down due to decreased number of hours worked by dentist
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	4,217
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	100
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	35
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	40
HOW FAR AHEAD IS DENTIST SCHEDULED?	four months
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	one month plus recall
% PRACTICE INCOME FROM CASH	47%
% OF PATIENTS PAYING CASH	42%
% PRACTICE INCOME FROM INSURANCE	23%
% OF PATIENTS WITH INSURANCE	23%
% PRACTICE INCOME FROM HMO	
% OF PATIENTS WITH HMO	
% PRACTICE INCOME FROM PPO	35% (Metlife, Delta Dental, Guardian, United Concordia, Tenn Care)
% OF PATIENTS WITH PPO	35%
% PRACTICE INCOME FROM CAPITATION	
% OF PATIENTS WITH CAPITATION	
% PRACTICE INCOME FROM MEDICAID	
% OF PATIENTS WITH MEDICAID	
% PRACTICE INCOME WITH REDUCED FEE PLANS	30%
% OF PATIENTS WITH REDUCED FEE PLANS	35%
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 8:00 am - 1:00 pm
	SATURDAY
DENTIST HOURS WORKED PER WEEK	37
HYGIENIST HOURS WORKED PER WEEK	37
ASSOCIATE HOURS WORKED PER WEEK	16
DENTIST PATIENT VISITS PER YEAR	7,800
HYGIENE PATIENT VISITS PER YEAR	6,000
NUMBER OF DAYS WORKED PER YEAR	220
NUMBER OF WEEKS WORKED PER YEAR	50+
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$325,000
SIX WEEKS ACCOUNTS RECEIVABLE	\$140,128
WHAT IS YOUR COLLECTION PERCENTAGE	80%
WHAT TYPE RECALL SYSTEM	Cards six months
WHAT TYPE COMPUTER SYSTEM	Patterson Eaglesoft

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	38%
OPERATIVE	35%
PEDODONTICS	0%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	6%
FIXED PROSTHETICS	9%
ENDODONTICS	7%
PERIODONTICS	1%
ORAL SURGERY	3%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	1%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	75%
LOCATION DEMAND SCALE 0% - 100%	70%
PLAN / MEDICAID PRACTICE %	30%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$68
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	\$170
TWO SURFACE AMALGAM 02150	\$129
CORE BUILD-UP INCLUDING PINS 02950	\$209
GOLD / PORCELAIN CROWN 02750	\$822
ANTERIOR CANAL ROOT CANAL 03310	\$541
BICUSPID ROOT CANAL 03320	\$630
LABIAL PORCELAIN VENEER 02962	\$819
AVERAGE OF FEES	\$424
PERCENT OF FEE PARITY	79%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	55,000
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	1 million
NUMBER OF DENTISTS WITHIN 5 MILES	10
NUMBER NEW DENTISTS WITHIN 5 MILES IN LAST 5 YEARS	1
MAJOR EMPLOYERS IN AREA	ETSU, Mountain States Health Alliance, Eastman, NFS VA, Siemens, City, Eastman Kodak
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/ASSISTANT	\$34,600	???????????	1997
RECEPTIONIST	\$28,536	Yes	2005
ASSISTANT	\$22,627	Yes	2006
ASSISTANT	\$24,865	Yes	2005
ASSISTANT	\$16,862		
ASSISTANT	\$ _____		
ASSISTANT	\$ _____		
HYGIENIST	\$37,996	Yes	2003
HYGIENIST	\$65,717	Yes	1995
HYGIENIST	\$51,000	Yes	1998
HYGIENIST	\$22,663	Yes	2007
LAB TECHNICIAN	\$ _____		
LAB TECHNICIAN	\$ _____		
ASSOCIATE :			74988
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	20/09	2008	2007
GROSS PRODUCTION	\$1,168,802	\$1,501,246.24	\$1,652,168.68
HYGIENISTS	\$504,443	\$ 372,573.00	\$ 375,797.42
OWNER	\$404,596	\$1,016,144.99	\$ 836,793.87
ASSOCIATE	\$259,762.70	\$ 112,528.25	\$ 439,577.39
ASSOCIATE	\$ _____	\$ _____	\$ _____
ASSOCIATE	\$ _____	\$ _____	\$ _____
ENTER ASSOCIATE SALARY IN DOLLARS IF FIXED			
ENTER ASSOCIATE COMMISSION PERCENTAGE			
ENTER HYGIENIST SALARY IN DOLLARS IF FIXED	Per day + per pt + per Fmx + per sealant		
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		