

Asheville Area, North Carolina	General Dentistry
MERGER FINANCIAL SUMMARY FOR PRACTICE 8611	2/11/2011 15:23

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			\$952,642	100.0%
	HYGIENE COMPONENT		\$219,108	23.0%
	DENTIST COMPONENT		\$733,534	77.0%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$733,534	77.0%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$208,852	21.9%
	LABORATORY		\$69,962	7.3%
	CLINICAL SUPPLIES		\$53,149	5.6%
	OTHER VARIABLE EXPENSE		\$19,514	2.0%
TOTAL VARIABLE EXPENSE INCREASE			\$351,477	36.9%
FIXED EXPENSE INCREASE				
	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.3%
	LEGAL & ACCOUNTING		\$3,500	0.4%
	INSURANCE		\$1,500	0.2%
	OTHER FIXED EXPENSE		\$25,462	2.7%
TOTAL FIXED EXPENSE INCREASE			\$33,462	3.5%
DEBT SERVICE INCREASE				
	INTEREST		\$41,834	4.4%
	PRINCIPAL		\$74,480	7.8%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$116,314	12.2%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$952,642	100.0%
EXPECTED INCREASED EXPENSES			\$384,939	40.4%
EXPECTED INCREASED DEBT SERVICE			\$116,314	12.2%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$451,389	61.5%
PURCHASER PRODUCED PRODUCTION			\$733,534	77.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$74,480	10.2%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$30,830	4.2%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$556,699	75.9%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$589,000	64%
	WORKING CAPITAL		\$46,000	4.8%
	TOTAL LOAN		\$635,000	66.7%
	LOAN INTEREST RATE		7.35%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$9,693	12.2%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$10,955	13.8%

Asheville Area, North Carolina**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8611**

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	2,000
EXPANDABLE FOOTAGE	570
CURRENT MONTHLY RENTAL i.e. "1200"	\$2,613
PRICE PER SQUARE FOOT	\$15.68
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	21 in front and 10 in back for staff
PROXIMITY OF PARKING PLACES	Around building
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	5
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	
NUMBER OF PLUMBED BUT UNEQUIPPED OPERATORIES	1
NUMBER OF UNPLUMBED EMPTY OPERATORIES	
DATE OF LEASE i.e. "1/1/99"	September-99
DATE LEASE ENDS - i.e. "1/1/04"	August-14
TERM OF LEASE IN YEARS i.e. "5"	15
YEARS REMAINING ON LEASE i.e. "2.5"	3.5
RENEWAL OPTIONS	One five year option
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	
DAYS/WEEK CURRENTLY WORKED	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

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS	KLR Management
RESULTS	
DESCRIBE INTERNAL MARKETING	
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	5,817
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	60
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	14
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	
HOW FAR AHEAD IS DENTIST SCHEDULED?	two to three weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	three 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 8:00 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 - 5:00 pm
	SATURDAY
DENTIST HOURS WORKED PER WEEK	40
HYGIENIST HOURS WORKED PER WEEK	32
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	
HYGIENE PATIENT VISITS PER YEAR	
NUMBER OF DAYS WORKED PER YEAR	204
NUMBER OF WEEKS WORKED PER YEAR	51
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$95,000
SIX WEEKS ACCOUNTS RECEIVABLE	\$109,920
WHAT IS YOUR COLLECTION PERCENTAGE	
WHAT TYPE RECALL SYSTEM	Phone calls, reminder cards, smile reminders
WHAT TYPE COMPUTER SYSTEM	Dentrix

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	22%
OPERATIVE	10%
PEDODONTICS	0%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	14%
FIXED PROSTHETICS	9%
ENDODONTICS	10%
PERIODONTICS	5%
ORAL SURGERY	5%
COSMETIC	25%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	0%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	70%
LOCATION DEMAND SCALE 0% - 100%	60%
PLAN / MEDICAID PRACTICE %	
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$74
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	
TWO SURFACE AMALGAM 02150	\$165
CORE BUILD-UP INCLUDING PINS 02950	\$250
GOLD / PORCELAIN CROWN 02750	\$975
ANTERIOR CANAL ROOT CANAL 03310	\$700
BICUSPID ROOT CANAL 03320	\$800
LABIAL PORCELAIN VENEER 02962	
AVERAGE OF FEES	\$494
PERCENT OF FEE PARITY	95%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	20,000+
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	260,000
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES	2
WITHIN	1
MAJOR EMPLOYERS IN AREA	Major stores moving to Buncombe County. Lowe's is putting in store in Weaverville. Suburb of Asheville with commercial and residential growth.
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Affluent retirees moving to Asheville and Buncombe County. 8% population growth in 6 years.

STAFF DATA				
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED	
RECEPTIONIST	\$37,440	Yes	4/02/2010	
OFFICE MANAGER	\$31,824	Yes	9/01/2003	
RECEPTIONIST	\$ _____	_____	_____	
ASSISTANT	\$33,592	Yes	8/27/01	
ASSISTANT	\$38,896	Yes	7/23/07	
ASSISTANT				
ASSISTANT	\$ _____	_____	_____	
ASSISTANT	\$ _____	_____	_____	
HYGIENIST	\$42,328	Yes	2/01/2010	
HYGIENIST	\$55,484	Yes	10/22/2007	
HYGIENIST	\$ _____	_____	_____	
HYGIENIST	\$ _____	_____	_____	
LAB TECHNICIAN	\$ _____	_____	_____	
LAB TECHNICIAN	\$ _____	_____	_____	
OTHER _____	\$ _____	_____	_____	
OTHER _____				
DESCRIBE FRINGE BENEFITS AND VALUE				
DO YOU HIRE ANY UNPAID FAMILY MEMBERS				
DESCRIBE DUTIES				
ESTIMATED ANNUAL VALUE OF ABOVE				
PRODUCTION CENTERS				
ENTER YEAR	YEAR TO DATE		LAST YEAR	TWO YEARS AGO
	2010	2009	2008	2008
GROSS PRODUCTION	\$1,076,000		\$1,133,891	\$1,304,363
HYGIENISTS	\$232,701		\$ 214,312	\$ 250,000
OWNER	\$ _____		\$ _____	\$ _____
ASSOCIATE	\$843,299		\$919,579	\$1,054,363
ASSOCIATE	\$ _____		\$ _____	\$ _____
ASSOCIATE	\$ _____		\$ _____	\$ _____
ENTER ASSOCIATE SALARY IN DOLLARS IF FIXED				
ENTER ASSOCIATE COMMISSION PERCENTAGE	35%			
ENTER HYGIENIST SALARY IN DOLLARS IF FIXED	\$33 / hour and \$25/hour			
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	No actions to dentists practicing in the practice			
DESCRIBE ANY HEALTH PROBLEMS WHICH WOULD AFFECT YOUR PRACTICE OF DENTISTRY	N/A			