

Tri-Cities Area, TN	General Dentistry
MERGER FINANCIAL SUMMARY FOR PRACTICE 8614	3/3/2010 16:40

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			\$794,902	100.0%
	HYGIENE COMPONENT		\$341,808	43.0%
	DENTIST COMPONENT		\$453,094	57.0%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$453,094	57.0%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$237,835	29.9%
	LABORATORY		\$23,116	2.9%
	CLINICAL SUPPLIES		\$31,273	3.9%
	OTHER VARIABLE EXPENSE		\$20,137	2.5%
TOTAL VARIABLE EXPENSE INCREASE			\$312,360	39.3%
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		\$3,782	0.5%
TOTAL FIXED EXPENSE INCREASE			\$11,782	1.5%
DEBT SERVICE INCREASE				
	INTEREST		\$41,154	5.2%
	PRINCIPAL		\$56,732	7.1%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$97,886	12.3%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$794,902	100.0%
EXPECTED INCREASED EXPENSES			\$324,142	40.8%
EXPECTED INCREASED DEBT SERVICE			\$97,886	12.3%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$372,874	82.3%
PURCHASER PRODUCED PRODUCTION			\$453,094	57.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$56,732	12.5%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$19,163	4.2%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$448,770	99.0%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$469,000	61%
	WORKING CAPITAL		\$38,000	4.8%
	TOTAL LOAN		\$507,000	63.8%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$8,157	12.3%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$17,090	25.8%

Tri-Cities Area, TN**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8614**

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	1,756
EXPANDABLE FOOTAGE	650
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes (with portable ramps)
NUMBER OF PARKING SPACES	30 (shared with adjacent businesses)
PROXIMITY OF PARKING PLACES	Adjacent to building and across street
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	3
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	1
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	\$450,000
IF NOT FOR SALE, MO. RENTAL AMOUNT	\$2,300
ANNUAL REAL ESTATE TAXES	\$3,477
ANNUAL REAL ESTATE INSURANCE COST	\$1,225
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$15.72

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

OTHER PRACTICE INFORMATION:

My practice is not as diverse as it once was. As I have gotten older, I have referred more patients out, increased hygiene production, and left more time on the schedule for the procedures I personally do. My staff is top notch and my four full time staff members have bring with me for many years. Less than an hour away is Knoxville and UT, Tri-Cities Airport, East Tn State Univ. and its medical, hygiene and pharmacy schools. Less than 30 minutes away are the mountains bordering TN and NC. The community is made up of people of all walks of life and my patients are a reflection of that. My practice philosophy is "Always do what is best for the patient" (and be on time).

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS	No
RESULTS	
DESCRIBE INTERNAL MARKETING	
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	No
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	2,796
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	40
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	13
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	16
HOW FAR AHEAD IS DENTIST SCHEDULED?	5-6 weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	6 months (very limited availability 2 weeks out)
% PRACTICE INCOME FROM CASH	39%
% OF PATIENTS PAYING CASH	30%
% PRACTICE INCOME FROM INSURANCE	12%
% OF PATIENTS WITH INSURANCE	17%
% PRACTICE INCOME FROM HMO	
% OF PATIENTS WITH HMO	
% PRACTICE INCOME FROM PPO	19%
% OF PATIENTS WITH PPO	25%
% PRACTICE INCOME FROM CAPITATION	
% OF PATIENTS WITH CAPITATION	
% PRACTICE INCOME FROM MEDICAID	30%
% OF PATIENTS WITH MEDICAID	28%
% PRACTICE INCOME WITH REDUCED FEE PLANS	49%
% OF PATIENTS WITH REDUCED FEE PLANS	53%
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
OFFICE HOURS	MONDAY 7:30 am - 5:30 pm
	TUESDAY 7:30 am - 5:30 pm
	WEDNESDAY
	THURSDAY 7:30 am - 5:30 pm
	FRIDAY 7:30 am - 5:30 pm
	SATURDAY
DENTIST HOURS WORKED PER WEEK	34
HYGIENIST HOURS WORKED PER WEEK	65
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	2,488
HYGIENE PATIENT VISITS PER YEAR	2,985
NUMBER OF DAYS WORKED PER YEAR	181
NUMBER OF WEEKS WORKED PER YEAR	46
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$69,227
SIX WEEKS ACCOUNTS RECEIVABLE	\$91,719
WHAT IS YOUR COLLECTION PERCENTAGE	100%
WHAT TYPE RECALL SYSTEM	Pre-appoint and send postcards
WHAT TYPE COMPUTER SYSTEM	Easy Dental

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	43%
OPERATIVE	27%
PEDODONTICS	10%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	1%
FIXED PROSTHETICS	19%
ENDODONTICS	0%
PERIODONTICS	0%
ORAL SURGERY	0%
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%	50%
PLAN / MEDICAID PRACTICE %	49%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$60
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	\$152
TWO SURFACE AMALGAM 02150	\$112
CORE BUILD-UP INCLUDING PINS 02950	\$182
GOLD / PORCELAIN CROWN 02750	\$182
ANTERIOR CANAL ROOT CANAL 03310	\$778
BICUSPID ROOT CANAL 03320	
LABIAL PORCELAIN VENEER 02962	
AVERAGE OF FEES	\$244
PERCENT OF FEE PARITY	60%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	Town 15,537; County 66,000o
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	409,127 including Greene and surrounding counties
NUMBER OF DENTISTS WITHIN 5 MILES	18
NUMBER NEW DENTISTS WITHIN 5 MILES IN LAST 5 YEARS	2
MAJOR EMPLOYERS IN AREA	John Deere, Landair, Forward Air, Greene Valley Development Center, Tusculum College, East Tn State Univ, Eastman Chemical
	Jarden Zinc, Amer. Greentings, Kmart Food Stores
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Layoffs due to economic situation

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$49,662	Yes	
OFFICE MANAGER	\$		
RECEPTIONIST	\$		
ASSISTANT (Registered)	\$44,931	Yes	
ASSISTANT (Registered)	\$50,905	Yes	
ASSISTANT	\$		
ASSISTANT	\$		
ASSISTANT	\$		
HYGIENIST	\$34,956 18/hrs	Yes	
HYGIENIST	\$32,885 18/hrs	Yes	
HYGIENIST	\$57,198 33/hrs	Yes	
HYGIENIST	\$		
LAB TECHNICIAN	\$		
LAB TECHNICIAN	\$		
OTHER	\$		
OTHER			
DESCRIBE FRINGE BENEFITS AND VALUE	4 wks vacation; 7 pd holidays; 1 wk gen leave; \$2,250 annual		
DO YOU HIRE ANY UNPAID FAMILY MEMBERS	bonus		
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE			
PRODUCTION CENTERS			
	YEAR TO DATE	LAST YEAR	TWO YEARS AGO
ENTER YEAR	1/1/09 TO 12/31/09	2008	2007
GROSS PRODUCTION	\$763,512	\$799,199	\$746,456
HYGIENISTS	\$342,671	\$352,502	\$310,471
OWNER	\$420,841	\$466,697	\$435,985
ASSOCIATE	\$	\$	\$
ASSOCIATE	\$	\$	\$
ASSOCIATE	\$	\$	\$
ENTER ASSOCIATE SALARY IN DOLLARS IF FIXED			
ENTER ASSOCIATE COMMISSION PERCENTAGE			
ENTER HYGIENIST SALARY IN DOLLARS IF FIXED	\$32.70/hr		
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	None		
YOUR PRACTICE OF DENTISTRY			