

## MERGER FINANCIAL SUMMARY FOR PRACTICE 8616

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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			\$285,122	100.0%
	HYGIENE COMPONENT		\$65,578	23.0%
	DENTIST COMPONENT		\$219,544	77.0%
		RETAINED SELLER	\$0	0.0%
		ASSOCIATE	\$0	0.0%
		PURCHASER	\$219,544	77.0%

**VARIABLE EXPENSE INCREASE**

	WAGES, PAYROLL TAX, ETC.		\$28,854	10.1%
	LABORATORY		\$24,535	8.6%
	CLINICAL SUPPLIES		\$10,021	3.5%
	OTHER VARIABLE EXPENSE		\$4,494	1.6%
TOTAL VARIABLE EXPENSE INCREASE			\$67,904	23.8%

**FIXED EXPENSE INCREASE**

	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	1.1%
	LEGAL & ACCOUNTING		\$3,500	1.2%
	INSURANCE		\$1,500	0.5%
	OTHER FIXED EXPENSE		\$3,631	1.3%
TOTAL FIXED EXPENSE INCREASE			\$11,631	4.1%

**DEBT SERVICE INCREASE**

	INTEREST		\$16,315	5.7%
	PRINCIPAL		\$22,492	7.9%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$38,807	13.6%

**SUMMARY**

EXPECTED INCREASED COLLECTIONS			\$285,122	100.0%
EXPECTED INCREASED EXPENSES			\$79,536	27.9%
EXPECTED INCREASED DEBT SERVICE			\$38,807	13.6%
<b>EXPECTED INCREASED NET INCOME &amp; PERCENT OF PERSONAL PRODUCTION</b>			<b>\$166,780</b>	<b>76.0%</b>
PURCHASER PRODUCED PRODUCTION			\$219,544	77.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$22,492	10.2%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$7,550	3.4%
<b>TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY &amp; % PERSONAL PROD</b>			<b>\$196,821</b>	<b>89.7%</b>

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

	SALES PRICE & PERCENT OF GROSS		\$187,000	68%
	WORKING CAPITAL		\$14,000	4.9%
	TOTAL LOAN		\$201,000	70.5%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$3,234	13.6%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$3,279	13.8%

**Chapel Hill Area, NC****MERGER DATA SUMMARY FOR PRACTICE NUMBER 8616**

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	900
EXPANDABLE FOOTAGE	
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	Partly
NUMBER OF PARKING SPACES	Town parking lot with about 50 spaces
PROXIMITY OF PARKING PLACES	About 200 feet or 1/2 block
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	2
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"	Yes
PRICE OF BUILDING	\$300,000
IF NOT FOR SALE, MO. RENTAL AMOUNT	
ANNUAL REAL ESTATE TAXES	\$3,248
ANNUAL REAL ESTATE INSURANCE COST	\$1,726
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	\$2,696
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$35.95

**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:**

I and my staff try to help patients be as healthy as their attitudes and life circumstances will permit. I do not sell any dental services. We focus on the health of the patient.

<b>PRACTICE DATA</b>	
WHAT CONSULTANT USED IN PAST 5 YRS	N/A
RESULTS	
DESCRIBE INTERNAL MARKETING	
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	Remarried in 2007 and started taking much more time off and now also commute from Kernersville. Economy is also impacting.
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	870
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	8
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	16
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	
HOW FAR AHEAD IS DENTIST SCHEDULED?	one to two weeks for restorative; 3 months for cleanings
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	
% PRACTICE INCOME FROM CASH	60%
% OF PATIENTS PAYING CASH	60%
% PRACTICE INCOME FROM INSURANCE	40%
% OF PATIENTS WITH INSURANCE	40%
% 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	
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
OFFICE HOURS	MONDAY 7:00 am - 4:00 pm (one hour for lunch)
	TUESDAY 7:00 am - 3:00 pm (no lunch)
	WEDNESDAY 7:00 am - 3:00 pm (no lunch)
	THURSDAY 7:00 am - 3:00 pm (no lunch)
	FRIDAY
	SATURDAY
DENTIST HOURS WORKED PER WEEK	32
HYGIENIST HOURS WORKED PER WEEK	
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	
HYGIENE PATIENT VISITS PER YEAR	
NUMBER OF DAYS WORKED PER YEAR	
NUMBER OF WEEKS WORKED PER YEAR	46
ACTUAL ACCOUNTS RECEIVABLE BALANCE	
SIX WEEKS ACCOUNTS RECEIVABLE	\$32,899
WHAT IS YOUR COLLECTION PERCENTAGE	90%
WHAT TYPE RECALL SYSTEM	Rolodex
WHAT TYPE COMPUTER SYSTEM	None

<b>WHAT % OF THE PRACTICE INCOME IS:</b>	
HYGIENE PRODUCTION	50%
OPERATIVE	10%
PEDODONTICS	0%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	10%
FIXED PROSTHETICS	25%
ENDODONTICS	0%
PERIODONTICS	0%
ORAL SURGERY	5%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	0%
TOTAL	100%
<b>MARKET FACTOR DATA</b>	
EQUIPMENT FACTOR SCALE 0% - 100%	30%
LOCATION DEMAND SCALE 0% - 100%	70%
PLAN / MEDICAID PRACTICE %	
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
<b>FEE SCHEDULE</b>	
ADULT PROPHY 01110	\$60
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	\$130
TWO SURFACE AMALGAM 02150	\$95
CORE BUILD-UP INCLUDING PINS 02950	
GOLD / PORCELAIN CROWN 02750	\$900
ANTERIOR CANAL ROOT CANAL 03310	
BICUSPID ROOT CANAL 03320	
LABIAL PORCELAIN VENEER 02962	
AVERAGE OF FEES	\$296
PERCENT OF FEE PARITY	82%
<b>DEMOGRAPHIC DATA</b>	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	County seat of Orange County
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	Raleigh/Durham, Chapel Hill, Burlington, Mebane, Efland
NUMBER OF DENTISTS WITHIN 5 MILES	3 downtown
NUMBER NEW DENTISTS WITHIN 5 MILES IN LAST 5 YEARS	
MAJOR EMPLOYERS IN AREA	NC State, UNC, Duke University, Orange County
	Satellite of Durham Technical School in operation.
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Growing. New retirement center being built for 500-600 residents. New hospital approved (expansion from UNC-Chapel Hill).

#REF!	#REF!		
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$22,048	Most likely	2002
OFFICE MANAGER	\$ _____	_____	_____
CLERICAL	\$ 4,160 PT	Maybe	2006
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE	Vacation O(2 weeks), SEP retirement (25%)		
DO YOU HIRE ANY UNPAID FAMILY MEMBERS	No		
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE			
<b>PRODUCTION CENTERS</b>			
	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			
<b>CONFORMITY DATA</b>			
DOES YOUR PRACTICE MEET OSHA STANDARDS?	We try. Attend annual OSHA classes.		
WHY NOT			
DOES YOUR PRACTICE MEET CDC STANDARDS?	We try. Attend SPICE class and radiologic safety course.		
WHY NOT			
DOES PRACTICE MEET ALL GOVERNMENTAL REGULATIONS?	As far as I know.		
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		