

## MERGER FINANCIAL SUMMARY FOR PRACTICE 8682

3/26/2011 13:39

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			\$594,156	100.0%
	HYGIENE COMPONENT		\$190,130	32.0%
	DENTIST COMPONENT		\$404,026	68.0%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$404,026	68.0%

**VARIABLE EXPENSE INCREASE**

WAGES, PAYROLL TAX, ETC.			\$149,134	25.1%
LABORATORY			\$56,052	9.4%
CLINICAL SUPPLIES			\$44,395	7.5%
OTHER VARIABLE EXPENSE			\$11,818	2.0%
TOTAL VARIABLE EXPENSE INCREASE			\$261,399	44.0%

**FIXED EXPENSE INCREASE**

RENT			\$0	0.0%
PHONE, UTILITIES			\$3,000	0.5%
LEGAL & ACCOUNTING			\$3,500	0.6%
INSURANCE			\$1,500	0.3%
OTHER FIXED EXPENSE			\$9,940	1.7%
TOTAL FIXED EXPENSE INCREASE			\$17,940	3.0%

**DEBT SERVICE INCREASE**

INTEREST			\$29,690	5.0%
PRINCIPAL			\$62,045	10.4%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$91,735	15.4%

**SUMMARY**

EXPECTED INCREASED COLLECTIONS			\$594,156	100.0%
EXPECTED INCREASED EXPENSES			\$279,339	47.0%
EXPECTED INCREASED DEBT SERVICE			\$91,735	15.4%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$223,082	55.2%
PURCHASER PRODUCED PRODUCTION			\$404,026	68.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$62,045	15.4%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$15,355	3.8%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$300,482	74.4%

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

SALES PRICE & PERCENT OF GROSS			\$359,000	63%
WORKING CAPITAL			\$29,000	4.9%
TOTAL LOAN			\$388,000	65.3%
LOAN INTEREST RATE			8.50%	
LOAN TERM IN MONTHS			84	
MONTHLY PAYMENT			\$7,645	15.4%
ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT			\$9,506	19.2%

**Gatlinburg Area, TN****MERGER DATA SUMMARY FOR PRACTICE NUMBER 8682**

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	1,360
EXPANDABLE FOOTAGE	
CURRENT MONTHLY RENTAL i.e. "1200"	\$1,000
PRICE PER SQUARE FOOT	\$8.82
IS OFFICE HANDICAPPED ACCESSIBLE?	
NUMBER OF PARKING SPACES	8
PROXIMITY OF PARKING PLACES	Rear of building
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	2
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"	
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	\$90,000
IF NOT FOR SALE, MO. RENTAL AMOUNT	
ANNUAL REAL ESTATE TAXES	
ANNUAL REAL ESTATE INSURANCE COST	
PURCHASER MORTGAGE INTEREST RATE	
PURCHASER MORTGAGE TERM - YEARS	5
PURCHASER MONTHLY PAYMENT	\$1,500
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$13.24

**WORK SCHEDULE**

PLANS AFTER SALE OF PRACTICE	
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	
RESULTS	
DESCRIBE INTERNAL MARKETING	
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS</b>	
ESTIMATE NUMBER OF PTS LAST 24 MONTHS	2,000
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	28
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	18
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	16
HOW FAR AHEAD IS DENTIST SCHEDULED?	3 weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	6 weeks
% PRACTICE INCOME FROM CASH	32%
% OF PATIENTS PAYING CASH	32%
% PRACTICE INCOME FROM INSURANCE	34%
% OF PATIENTS WITH INSURANCE	34%
% PRACTICE INCOME FROM HMO	
% OF PATIENTS WITH HMO	
% PRACTICE INCOME FROM PPO	34%
% OF PATIENTS WITH PPO	34%
% PRACTICE INCOME FROM CAPITATION	
% OF PATIENTS WITH CAPITATION	
% PRACTICE INCOME FROM MEDICAID	
% OF PATIENTS WITH MEDICAID	
% PRACTICE INCOME WITH REDUCED FEE PLANS	34%
% OF PATIENTS WITH REDUCED FEE PLANS	34%
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS</b>	
OFFICE HOURS	MONDAY 8 AM - 5 PM
	TUESDAY 8 AM - 5 PM
	WEDNESDAY 8 AM - 5 PM
	THURSDAY 8 AM - 5 PM
	FRIDAY Closed
	SATURDAY Closed
DENTIST HOURS WORKED PER WEEK	32
HYGIENIST HOURS WORKED PER WEEK	56
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	3,500
HYGIENE PATIENT VISITS PER YEAR	2,600
NUMBER OF DAYS WORKED PER YEAR	200
NUMBER OF WEEKS WORKED PER YEAR	50
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$46,051
SIX WEEKS ACCOUNTS RECEIVABLE	\$68,556
WHAT IS YOUR COLLECTION PERCENTAGE	
WHAT TYPE RECALL SYSTEM	File cards - call on phone
WHAT TYPE COMPUTER SYSTEM	None

<b>WHAT % OF THE PRACTICE INCOME IS:</b>	
HYGIENIST PRODUCTION	32%
OPERATIVE	26%
PEDODONTICS	0%
OTHER	2%
IMPLANTS	0%
REMOVABLE PROSTHETICS	5%
FIXED PROSTHETICS	33%
ENDODONTICS	0%
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%	50%
LOCATION DEMAND SCALE 0% - 100%	50%
PLAN / MEDICAID PRACTICE %	34%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
<b>FEE SCHEDULE</b>	
ADULT PROPHY 01110	\$50
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	\$95
TWO SURFACE AMALGAM 02150	\$95
CORE BUILD-UP INCLUDING PINS 02950	\$90
GOLD / PORCELAIN CROWN 02750	\$625
ANTERIOR CANAL ROOT CANAL 03310	\$400
BICUSPID ROOT CANAL 03320	\$425
LABIAL PORCELAIN VENEER 02962	\$750
AVERAGE OF FEES	\$316
PERCENT OF FEE PARITY	59%
<b>DEMOGRAPHIC DATA</b>	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	projected - 17,500
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	projected - 82,000
NUMBER OF DENTISTS WITHIN 5 MILES	14
NUMBER NEW DENTISTS WITHIN 5 MILES IN LAST 5 YEARS	five
MAJOR EMPLOYERS IN AREA	Tourist Industry Blalock Corporation
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Major tourist development

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$ _____	_____	_____
OFFICE MANAGER	\$28,600	YES	_____
RECEPTIONIST	\$ _____	_____	_____
ASSISTANT	\$26,000	YES	_____
ASSISTANT	\$23,400	YES	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$63,500	YES	_____
HYGIENIST	\$41,000	?	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE	Two weeks paid vacation		
DO YOU HIRE ANY UNPAID FAMILY MEMBERS	No		
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE			
PRODUCTION CENTERS			
	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			
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		