

Southern Virginia General Dentistry
MERGER FINANCIAL SUMMARY FOR PRACTICE 8713 7/16/2011 11:16

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			\$488,404	100.0%
	HYGIENE COMPONENT		\$132,312	27.1%
	DENTIST COMPONENT		\$356,091	72.9%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$356,091	72.9%
VARIABLE EXPENSE INCREASE				
WAGES, PAYROLL TAX, ETC.			\$111,942	22.9%
LABORATORY			\$33,635	6.9%
CLINICAL SUPPLIES			\$23,979	4.9%
OTHER VARIABLE EXPENSE			\$14,268	2.9%
TOTAL VARIABLE EXPENSE INCREASE			\$183,824	37.6%
FIXED EXPENSE INCREASE				
RENT			\$0	0.0%
PHONE, UTILITIES			\$3,000	0.6%
LEGAL & ACCOUNTING			\$3,500	0.7%
INSURANCE			\$1,500	0.3%
OTHER FIXED EXPENSE			(\$96)	0.0%
TOTAL FIXED EXPENSE INCREASE			\$7,904	1.6%
DEBT SERVICE INCREASE				
INTEREST			\$38,609	7.9%
PRINCIPAL			\$46,815	9.6%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$85,424	17.5%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$488,404	100.0%
EXPECTED INCREASED EXPENSES			\$191,728	39.3%
EXPECTED INCREASED DEBT SERVICE			\$85,424	17.5%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$211,252	59.3%
PURCHASER PRODUCED PRODUCTION			\$356,091	72.9%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$46,815	13.1%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$14,951	4.2%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$273,018	76.7%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
SALES PRICE & PERCENT OF GROSS			\$270,000	57%
WORKING CAPITAL			\$23,000	4.7%
TOTAL LOAN			\$293,000	60.0%
LOAN INTEREST RATE			7.00%	
LOAN TERM IN MONTHS			84	
MONTHLY PAYMENT			\$7,119	17.5%
ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT			\$6,616	16.3%

Southern Virginia**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8713**

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	1,863
EXPANDABLE FOOTAGE	Yes (large operatories and three lots adjacent)
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	9
PROXIMITY OF PARKING PLACES	On site
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	2
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	1 (left or right handed)
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	\$2,725
ANNUAL REAL ESTATE INSURANCE COST	\$2,027
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	\$2,696
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$17.37

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:

Practice philosophy is to provide the highest quality of care for my patients that I would expect to receive if I were the patient. Low stress atmosphere -- white collar 35%, blue collar 65%. Wonderful patients/friends and are receptive of treatment recommendations. There are small city/large county agriculture, small and medium sized businesses.

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS RESULTS	No
DESCRIBE INTERNAL MARKETING	None
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	No (any decrease in gross receipts is attributed to decline in national economy)
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	2,693
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	15
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	12
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	11
HOW FAR AHEAD IS DENTIST SCHEDULED?	twelve weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	six months plus
% PRACTICE INCOME FROM CASH	25%
% OF PATIENTS PAYING CASH	25%
% PRACTICE INCOME FROM INSURANCE	75%
% OF PATIENTS WITH INSURANCE	75%
% 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 - 5:30 pm
	TUESDAY 8:00 am - 5:30 pm
	WEDNESDAY 8:00 am - 5:30 pm
	THURSDAY 8:00 am - 5:30 pm
	FRIDAY
	SATURDAY
DENTIST HOURS WORKED PER WEEK	34
HYGIENIST HOURS WORKED PER WEEK	34
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	1,500
HYGIENE PATIENT VISITS PER YEAR	1,700
NUMBER OF DAYS WORKED PER YEAR	291
NUMBER OF WEEKS WORKED PER YEAR	47
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$79,458
SIX WEEKS ACCOUNTS RECEIVABLE	\$56,354
WHAT IS YOUR COLLECTION PERCENTAGE	98%
WHAT TYPE RECALL SYSTEM	3/6 mos scheduled at checkout/confirmed by postcard/phonecall
WHAT TYPE COMPUTER SYSTEM	Eaglesoft

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	19%
OPERATIVE	31%
PEDODONTICS	15%
ORTHODONTICS	0%
IMPLANTS	2%
REMOVABLE PROSTHETICS	5%
FIXED PROSTHETICS	13%
ENDODONTICS	2%
PERIODONTICS	1%
ORAL SURGERY	1%
COSMETIC	5%
TMJ TREATMENT	3%
SOFT TISSUE MANAGEMENT	1%
OTHER	2%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	75%
LOCATION DEMAND SCALE 0% - 100%	35%
PLAN / MEDICAID PRACTICE %	
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$60
GOLD INLAY 02540	\$600
TWO SURFACE POSTERIOR COMPOSITE 02386	\$100
TWO SURFACE AMALGAM 02150	\$80
CORE BUILD-UP INCLUDING PINS 02950	\$170
GOLD / PORCELAIN CROWN 02750	\$800
ANTERIOR CANAL ROOT CANAL 03310	\$600
BICUSPID ROOT CANAL 03320	\$675
LABIAL PORCELAIN VENEER 02962	\$900
AVERAGE OF FEES	\$443
PERCENT OF FEE PARITY	79%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	48,000
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	110,000
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES WITHIN	eight
MAJOR EMPLOYERS IN AREA	Goodyear Tire & Rubber, Corning, Nestle, Danville Regional Medical, Danville Public Schools, Pittsylvania County Schools City of Danville
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	National recession but patient base continues to increase

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$24,608	Yes	1999
OFFICE MANAGER	\$35,818	Yes	1976
RECEPTIONIST	\$ _____	_____	_____
ASSISTANT	\$28,684	Yes	1978
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$65,492	Yes	1989
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE	401K 2007 was fully funded		
DO YOU HIRE ANY UNPAID FAMILY MEMBERS	Wife		
DESCRIBE DUTIES	Errands, minimal office work, consultation		
ESTIMATED ANNUAL VALUE OF ABOVE	Cost of major medical insurance		
PRODUCTION CENTERS			
	YEAR TO DATE	LAST YEAR	TWO YEARS AGO
ENTER YEAR	1/1/09 TO 12/31/09	2008	2007
GROSS PRODUCTION	\$486,000	\$496,000	\$447,000
HYGIENISTS	\$200,000	\$183,000	\$167,000
OWNER	\$286,000	\$313,000	\$280,000
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		