

**Northeast North Carolina General Dentistry**  
**MERGER FINANCIAL SUMMARY FOR PRACTICE 8723** 4/19/2011 16:30

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.**

<b>PRACTICE INCOME</b>				
EXPECTED GROSS COLLECTION INCREASE			\$1,596,013	100.0%
	HYGIENE COMPONENT		\$319,203	20.0%
	DENTIST COMPONENT		\$1,276,810	80.0%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$1,276,810	80.0%
<b>VARIABLE EXPENSE INCREASE</b>				
	WAGES, PAYROLL TAX, ETC.		\$337,076	21.1%
	LABORATORY		\$62,891	3.9%
	CLINICAL SUPPLIES		\$122,150	7.7%
	OTHER VARIABLE EXPENSE		\$28,137	1.8%
TOTAL VARIABLE EXPENSE INCREASE			\$550,254	34.5%
<b>FIXED EXPENSE INCREASE</b>				
	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.2%
	LEGAL & ACCOUNTING		\$3,500	0.2%
	INSURANCE		\$1,500	0.1%
	OTHER FIXED EXPENSE		\$26,757	1.7%
TOTAL FIXED EXPENSE INCREASE			\$34,757	2.2%
<b>DEBT SERVICE INCREASE</b>				
	INTEREST		\$115,577	7.2%
	PRINCIPAL		\$150,739	9.4%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$266,316	16.7%
<b>SUMMARY</b>				
EXPECTED INCREASED COLLECTIONS			\$1,596,013	100.0%
EXPECTED INCREASED EXPENSES			\$585,012	36.7%
EXPECTED INCREASED DEBT SERVICE			\$266,316	16.7%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$744,686	58.3%
PURCHASER PRODUCED PRODUCTION			\$1,276,810	80.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$150,739	11.8%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$61,106	4.8%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$956,531	74.9%
<b>THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:</b>				
	SALES PRICE & PERCENT OF GROSS		\$989,000	64%
	WORKING CAPITAL		\$77,000	4.8%
	TOTAL LOAN		\$1,066,000	66.8%
	LOAN INTEREST RATE		7.50%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$22,193	16.7%
	ESTIMATED MONTHLY HYGIENE/ASSSOC PROFIT		\$15,960	12.0%

**Northeast North Carolina****MERGER DATA SUMMARY FOR PRACTICE NUMBER 8723**

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	3,300
EXPANDABLE FOOTAGE	
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	
NUMBER OF PARKING SPACES	20 +
PROXIMITY OF PARKING PLACES	
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	6
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	\$650,000
IF NOT FOR SALE, MO. RENTAL AMOUNT	
ANNUAL REAL ESTATE TAXES	\$10,000
ANNUAL REAL ESTATE INSURANCE COST	
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	\$5,842
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$21.25

**WORK SCHEDULE**

PLANS AFTER SALE OF PRACTICE	Relocate to continue growth of second 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

OTHER PRACTICE INFORMATION: Loyal hard working staff, eager to learn. The practice is in a rural town with slow growth, the practice has grown beyond my expectations in the first 3 years and there is still room for more growth. We treat all patients young and old and accept all insurances. Our goal is to treat patients with a warm friendly attitude to make them comfortable while providing quality dental care.

<b>PRACTICE DATA</b>	
WHAT CONSULTANT USED IN PAST 5 YRS	Silkin Management
RESULTS	Too early to tell, just started with this group in January
DESCRIBE INTERNAL MARKETING	Reactivation of existing patients, newsletters via email. Patient referrals
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	Have just started this in Feb. Too early to tell but we are getting more insurance & cash pay patients since.
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS</b>	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	4,000
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	120
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	39
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	13
HOW FAR AHEAD IS DENTIST SCHEDULED?	2 weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	4 weeks
% PRACTICE INCOME FROM CASH	10%
% OF PATIENTS PAYING CASH	10%
% PRACTICE INCOME FROM INSURANCE	90%
% OF PATIENTS WITH INSURANCE	90%
% PRACTICE INCOME FROM HMO	20%
% OF PATIENTS WITH HMO	20%
% PRACTICE INCOME FROM PPO	
% OF PATIENTS WITH PPO	
% PRACTICE INCOME FROM CAPITATION	
% OF PATIENTS WITH CAPITATION	
% PRACTICE INCOME FROM MEDICAID	70%
% OF PATIENTS WITH MEDICAID	70%
% PRACTICE INCOME WITH REDUCED FEE PLANS	90%
% OF PATIENTS WITH REDUCED FEE PLANS	90%
<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 8 AM - 2 PM
	SATURDAY Closed
DENTIST HOURS WORKED PER WEEK	30
HYGIENIST HOURS WORKED PER WEEK	32
ASSOCIATE HOURS WORKED PER WEEK	32
DENTIST PATIENT VISITS PER YEAR	8,404
HYGIENE PATIENT VISITS PER YEAR	2,713
NUMBER OF DAYS WORKED PER YEAR	212
NUMBER OF WEEKS WORKED PER YEAR	50
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$134,775
SIX WEEKS ACCOUNTS RECEIVABLE	\$184,155
WHAT IS YOUR COLLECTION PERCENTAGE	92%
WHAT TYPE RECALL SYSTEM	Reminder cards and calls. Schedule before patient leaves
WHAT TYPE COMPUTER SYSTEM	Dentrix

<b>WHAT % OF THE PRACTICE INCOME IS:</b>	
HYGIENIST PRODUCTION	20%
OPERATIVE	20%
PEDODONTICS	5%
ORTHODONTICS	3%
IMPLANTS	3%
REMOVABLE PROSTHETICS	20%
FIXED PROSTHETICS	5%
ENDODONTICS	5%
PERIODONTICS	0%
ORAL SURGERY	20%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	0%
TOTAL	100%
<b>MARKET FACTOR DATA</b>	
EQUIPMENT FACTOR SCALE 0% - 100%	80%
LOCATION DEMAND SCALE 0% - 100%	40%
PLAN / MEDICAID PRACTICE %	90%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
<b>FEE SCHEDULE</b>	
ADULT PROPHY 01110	\$70
GOLD INLAY 02540	N/A
TWO SURFACE POSTERIOR COMPOSITE 02386	\$200
TWO SURFACE AMALGAM 02150	\$140
CORE BUILD-UP INCLUDING PINS 02950	\$220
GOLD / PORCELAIN CROWN 02750	\$902
ANTERIOR CANAL ROOT CANAL 03310	\$670
BICUSPID ROOT CANAL 03320	\$735
LABIAL PORCELAIN VENEER 02962	\$875
AVERAGE OF FEES	\$477
PERCENT OF FEE PARITY	85%
<b>DEMOGRAPHIC DATA</b>	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	20,000
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	100,000
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES	7
WITHIN	5 miles
MAJOR EMPLOYERS IN AREA	Kenametal, Kapstone, Patch Rubber, Reesers
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	None

<b>STAFF DATA</b>			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$33,106	Yes	2008
OFFICE MANAGER	\$26,857	Yes	2006
RECEPTIONIST	\$30,696	Yes	2008
ASSISTANT	\$24,724	Yes	2008
ASSISTANT	\$26,345	Yes	2007
ASSISTANT	\$32,676	Yes	2008
ASSISTANT	\$25,093	Yes	2008
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$45,491	Yes	2006
HYGIENIST	\$26,432	Yes	2008
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
DESCRIBE FRINGE BENEFITS AND VALUE	PTO at hourly rate accrued by year, paid holiday, 40K match up to 4% of salary. Uniform allowance \$75/year and ce \$500/yr		
			0
DO YOU HIRE ANY UNPAID FAMILY MEMBERS	No		
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE	\$8,000		
<b>PRODUCTION CENTERS</b>			
	YEAR TO DATE	LAST YEAR	TWO YEARS AGO
ENTER YEAR	1/10 to 3/16/10		
GROSS PRODUCTION	\$384,328.11	\$1,509,890.49	\$1,224,023.10
HYGIENISTS	\$ 71,818.00	\$ 264,767.98	\$ 257,570.00
OWNER	\$157,527.03	\$1,004,835.75	\$ 934,039.00
ASSOCIATE	\$154,982.15	\$ 239,835.16	\$ _____
ASSOCIATE			32412
ASSOCIATE	\$ _____	\$ _____	\$ _____
ENTER ASSOCIATE SALARY IN DOLLARS IF FIXED			
ENTER ASSOCIATE COMMISSION PERCENTAGE	32%		
ENTER HYGIENIST SALARY IN DOLLARS IF FIXED	\$28.00/hour		
ENTER HYGIENIST COMMISSION PERCENTAGE			
<b>CONFORMITY DATA</b>			
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		