

## MERGER FINANCIAL SUMMARY FOR PRACTICE 8726

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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			\$1,793,654	100.0%
	HYGIENE COMPONENT		\$197,302	11.0%
	DENTIST COMPONENT		\$1,596,352	89.0%
		RETAINED SELLER	\$0	0.0%
		ASSOCIATE	\$896,827	50.0%
		PURCHASER	\$699,525	39.0%

**VARIABLE EXPENSE INCREASE**

	WAGES, PAYROLL TAX, ETC.		\$353,515	19.7%
	LABORATORY		\$52,319	2.9%
	CLINICAL SUPPLIES		\$107,073	6.0%
	OTHER VARIABLE EXPENSE		\$387,306	21.6%
TOTAL VARIABLE EXPENSE INCREASE			\$900,214	50.2%

**FIXED EXPENSE INCREASE**

	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.2%
	LEGAL & ACCOUNTING		\$3,500	0.2%
	INSURANCE		\$1,500	0.1%
	OTHER FIXED EXPENSE		\$6,204	0.3%
TOTAL FIXED EXPENSE INCREASE			\$14,204	0.8%

**DEBT SERVICE INCREASE**

	INTEREST		\$86,720	4.8%
	PRINCIPAL		\$157,027	8.8%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$243,747	13.6%

**SUMMARY**

EXPECTED INCREASED COLLECTIONS			\$1,793,654	100.0%
EXPECTED INCREASED EXPENSES			\$914,418	51.0%
EXPECTED INCREASED DEBT SERVICE			\$243,747	13.6%
<b>EXPECTED INCREASED NET INCOME &amp; PERCENT OF PERSONAL PRODUCTION</b>			<b>\$635,489</b>	<b>90.8%</b>
PURCHASER PRODUCED PRODUCTION			\$699,525	39.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$157,027	22.4%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$67,793	9.7%
<b>TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY &amp; % PERSONAL PROD</b>			<b>\$860,309</b>	<b>123.0%</b>

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

	SALES PRICE & PERCENT OF GROSS		\$1,249,000	72%
	WORKING CAPITAL		\$86,000	4.8%
	TOTAL LOAN		\$1,335,000	74.4%
	LOAN INTEREST RATE		7.25%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$20,312	13.6%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$40,583	27.2%

**Raleigh, North Carolina****MERGER DATA SUMMARY FOR PRACTICE NUMBER 8726**

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	1,729
EXPANDABLE FOOTAGE	No
CURRENT MONTHLY RENTAL i.e. "1200"	\$3,761
PRICE PER SQUARE FOOT	\$26.10
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	Plenty
PROXIMITY OF PARKING PLACES	Close
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	4
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"	March-08
DATE LEASE ENDS - i.e. "1/1/04"	March-11
TERM OF LEASE IN YEARS i.e. "5"	3
YEARS REMAINING ON LEASE i.e. "2.5"	1.5
RENEWAL OPTIONS	
DO YOU OWN YOUR BUILDING? "YES" OR "NO"	No
DO YOU WISH TO SELL THE BUILDING? "YES" OR "NO"	No
PRICE OF BUILDING	
IF NOT FOR SALE, MO. RENTAL AMOUNT	
ANNUAL REAL ESTATE TAXES	
ANNUAL REAL ESTATE INSURANCE COST	
PURCHASER MORTGAGE INTEREST RATE	7.00%
PURCHASER MORTGAGE TERM - YEARS	15
PURCHASER MONTHLY PAYMENT	
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	

**WORK SCHEDULE**

PLANS AFTER SALE OF 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

<b>PRACTICE DATA</b>	
WHAT CONSULTANT USED IN PAST 5 YRS	None
RESULTS	
DESCRIBE INTERNAL MARKETING	Patient surveys, recall program, referral cards
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	No
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	3,645
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	175
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	11
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	6
HOW FAR AHEAD IS DENTIST SCHEDULED?	4 weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	6 months
% PRACTICE INCOME FROM CASH	5%
% OF PATIENTS PAYING CASH	5%
% PRACTICE INCOME FROM INSURANCE	13%
% OF PATIENTS WITH INSURANCE	13%
% PRACTICE INCOME FROM HMO	
% OF PATIENTS WITH HMO	
% PRACTICE INCOME FROM PPO	30%
% OF PATIENTS WITH PPO	30%
% PRACTICE INCOME FROM CAPITATION	
% OF PATIENTS WITH CAPITATION	
% PRACTICE INCOME FROM MEDICAID	52%
% OF PATIENTS WITH MEDICAID	52%
% PRACTICE INCOME WITH REDUCED FEE PLANS	82%
% OF PATIENTS WITH REDUCED FEE PLANS	82%
<b>PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA &amp; REDUCED FEE PLANS!</b>	
OFFICE HOURS	MONDAY 9 AM - 4 PM
	TUESDAY 9 AM - 4 PM
	WEDNESDAY 9 AM - 7 PM (Alternating doctors)
	THURSDAY 9 AM - 4 PM
	FRIDAY 9 AM - 4 PM
	SATURDAY 9 AM - 1 PM (Some Saturdays)
DENTIST HOURS WORKED PER WEEK	36
HYGIENIST HOURS WORKED PER WEEK	36
ASSOCIATE HOURS WORKED PER WEEK	36
DENTIST PATIENT VISITS PER YEAR	3,570
HYGIENE PATIENT VISITS PER YEAR	1,785
NUMBER OF DAYS WORKED PER YEAR	250
NUMBER OF WEEKS WORKED PER YEAR	50
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$514,000
SIX WEEKS ACCOUNTS RECEIVABLE	\$206,960
WHAT IS YOUR COLLECTION PERCENTAGE	95%
WHAT TYPE RECALL SYSTEM	
WHAT TYPE COMPUTER SYSTEM	Softdent

<b>WHAT % OF THE PRACTICE INCOME IS:</b>	
HYGIENIST PRODUCTION	29%
OPERATIVE	42%
PEDODONTICS	0%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	6%
FIXED PROSTHETICS	1%
ENDODONTICS	3%
PERIODONTICS	5%
ORAL SURGERY	14%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
	0%
TOTAL	100%
<b>MARKET FACTOR DATA</b>	
EQUIPMENT FACTOR SCALE 0% - 100%	95%
LOCATION DEMAND SCALE 0% - 100%	95%
PLAN / MEDICAID PRACTICE %	82%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
<b>FEE SCHEDULE</b>	
ADULT PROPHY 01110	\$79
GOLD INLAY 02540	\$945
TWO SURFACE POSTERIOR COMPOSITE 02386	\$226
TWO SURFACE AMALGAM 02150	\$150
CORE BUILD-UP INCLUDING PINS 02950	\$236
GOLD / PORCELAIN CROWN 02750	\$840
ANTERIOR CANAL ROOT CANAL 03310	\$788
BICUSPID ROOT CANAL 03320	\$840
LABIAL PORCELAIN VENEER 02962	\$990
AVERAGE OF FEES	\$566
PERCENT OF FEE PARITY	101%
<b>DEMOGRAPHIC DATA</b>	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	392,552
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES WITHIN	
MAJOR EMPLOYERS IN AREA	Wake Med, City of Raleigh, IBM
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	

<b>STAFF DATA</b>			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$37,800	Yes	2008
OFFICE MANAGER			
RECEPTIONIST	\$32,400	Yes	2008
ASSISTANT	\$37,800	Yes	2008
ASSISTANT	\$37,800	Yes	2010
ASSISTANT	\$36,000	Yes	2007
ASSISTANT	\$30,600		2010
ASSISTANT			
HYGIENIST	\$58,500	Yes	2008
HYGIENIST			
HYGIENIST			
HYGIENIST			
LAB TECHNICIAN			
LAB TECHNICIAN			
OTHER _____			
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE			
DO YOU HIRE ANY UNPAID FAMILY MEMBERS			
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE			

<b>PRODUCTION CENTERS</b>			
	YEAR TO DATE	LAST YEAR	TWO YEARS AGO
ENTER YEAR	1/10 - 3/10	2009	2008
GROSS PRODUCTION	\$409,144	\$1,757,846	\$525,581
HYGIENISTS	\$ 44,743	\$ 189,847	\$ 47,302
OWNER			
ASSOCIATE	\$205,001	\$ 861,345	\$258,271
ASSOCIATE	\$159,400	\$ 706,654	\$220,008
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?	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