

Western VA General Dentistry
MERGER FINANCIAL SUMMARY FOR PRACTICE 8735 7/26/2010 14:06

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			\$1,870,288	100.0%
	HYGIENE COMPONENT		\$561,086	30.0%
	DENTIST COMPONENT		\$1,309,201	70.0%
	RETAINED SELLER		\$801,552	42.9%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$507,650	27.1%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$511,924	27.4%
	LABORATORY		\$132,299	7.1%
	CLINICAL SUPPLIES		\$115,332	6.2%
	OTHER VARIABLE EXPENSE		\$334,793	17.9%
TOTAL VARIABLE EXPENSE INCREASE			\$1,094,349	58.5%
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		\$10,432	0.6%
TOTAL FIXED EXPENSE INCREASE			\$18,432	1.0%
DEBT SERVICE INCREASE				
	INTEREST		\$86,501	4.6%
	PRINCIPAL		\$150,200	8.0%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$236,700	12.7%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$1,870,288	100.0%
EXPECTED INCREASED EXPENSES			\$1,112,781	59.5%
EXPECTED INCREASED DEBT SERVICE			\$236,700	12.7%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$520,806	102.6%
PURCHASER PRODUCED PRODUCTION			\$507,650	27.1%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$150,200	29.6%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$63,873	12.6%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$734,879	144.8%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$1,196,000	67%
	WORKING CAPITAL		\$90,000	4.8%
	TOTAL LOAN		\$1,286,000	68.8%
	LOAN INTEREST RATE		7.50%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$19,725	12.7%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$53,845	34.5%

Western VA**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8735**

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	5,288
EXPANDABLE FOOTAGE	2,600
CURRENT MONTHLY RENTAL i.e. "1200"	
PRICE PER SQUARE FOOT	
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	30 + 2 handicap
PROXIMITY OF PARKING PLACES	Adjacent
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	7
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	4
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"	No
PRICE OF BUILDING	
IF NOT FOR SALE, MO. RENTAL AMOUNT	\$8,500
ANNUAL REAL ESTATE TAXES	\$2,259
ANNUAL REAL ESTATE INSURANCE COST	\$5,348
PURCHASER MORTGAGE INTEREST RATE	
PURCHASER MORTGAGE TERM - YEARS	
PURCHASER MONTHLY PAYMENT	
PURCHASER CURRENT MONTHLY RENT	
PRICE PER SQUARE FOOT	\$19.29

WORK SCHEDULE

PLANS AFTER SALE OF PRACTICE	Continue part-time practice possibly 1 - 4 years if agreeable to buyer.
DENTIST DAYS/WEEK CURRENTLY WORKED	7
ENTER DESIRED DAYS WORKED FOR NEW BUYER SALE	
DESIRED WORK DAYS/WEEK 1ST YR	3
DESIRED WORK DAYS/WEEK 2ND YR	3
DESIRED WORK DAYS/WEEK 3RD YR	2
DESIRED WORK DAYS/WEEK 4TH YR	2
DESIRED WORK DAYS/WEEK 5TH YR	0
DESIRED WORK DAYS/WEEK 6TH YR	0

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS	No
RESULTS	
DESCRIBE INTERNAL MARKETING	
DESCRIBE EXTERNAL MARKETING	Sign at little league field, AHS baseball field scoreboard, local high school football programs & yearbooks, website, rotary club
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	Little change in gross--although owners are working less
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	3,500
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	70
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	15
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	36
HOW FAR AHEAD IS DENTIST SCHEDULED?	2 weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	3 months
% PRACTICE INCOME FROM CASH	
% OF PATIENTS PAYING CASH	
% PRACTICE INCOME FROM INSURANCE	45%
% OF PATIENTS WITH INSURANCE	45%
% 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 AM - 5 PM
	TUESDAY 8 AM - 5 PM
	WEDNESDAY 8 AM - 5 PM
	THURSDAY 8 AM - 5 PM
	FRIDAY 8 AM - 5 PM
	SATURDAY
DENTIST HOURS WORKED PER WEEK	56
HYGIENIST HOURS WORKED PER WEEK	152
ASSOCIATE HOURS WORKED PER WEEK	32
DENTIST PATIENT VISITS PER YEAR	7,620
HYGIENE PATIENT VISITS PER YEAR	6,260
NUMBER OF DAYS WORKED PER YEAR	200
NUMBER OF WEEKS WORKED PER YEAR	60
ACTUAL ACCOUNTS RECEIVABLE BALANCE	
SIX WEEKS ACCOUNTS RECEIVABLE	\$215,802
WHAT IS YOUR COLLECTION PERCENTAGE	
WHAT TYPE RECALL SYSTEM	Postcards/Dentrix
WHAT TYPE COMPUTER SYSTEM	Dentrix

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	30%
OPERATIVE	44%
PEDODONTICS	0%
ORTHODONTICS	1%
IMPLANTS	1%
REMOVABLE PROSTHETICS	8%
FIXED PROSTHETICS	7%
ENDODONTICS	3%
PERIODONTICS	1%
ORAL SURGERY	3%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER - INCLUDES BLEACHING	2%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	90%
LOCATION DEMAND SCALE 0% - 100%	90%
PLAN / MEDICAID PRACTICE %	
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$63
GOLD INLAY 02540	\$600
TWO SURFACE POSTERIOR COMPOSITE 02386	\$130
TWO SURFACE AMALGAM 02150	\$110
CORE BUILD-UP INCLUDING PINS 02950	\$185
GOLD / PORCELAIN CROWN 02750	\$800
ANTERIOR CANAL ROOT CANAL 03310	\$550
BICUSPID ROOT CANAL 03320	\$650
LABIAL PORCELAIN VENEER 02962	\$800
AVERAGE OF FEES	\$432
PERCENT OF FEE PARITY	77%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	8,009
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	266,224 (Washington, Russell, Smyth, Sullivan Counties)
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES WITHIN	8 General 9 Specialists
MAJOR EMPLOYERS IN AREA	K-Vat, UPS, Bristol Compressors, Universal Fibers, General Dynamics (CGI, Northrup-Grumman, King Pharm, HAPCO, Eastman Steel Fab, Utility Trailer
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$23,173.84	Yes	2002
OFFICE MANAGER	\$43,209.70	Yes	1984
INSURANCE COORDINATOR	\$31,518.27	Yes	1993
ASSISTANT	\$28,836.37	No	1984
ASSISTANT	\$27,608.76	Yes	1993
ASSISTANT	\$20,575.78	Yes	2000
ASSISTANT	\$27,201.16	Yes	2008
ASSISTANT	\$26,541.42	No	1974
HYGIENIST	\$42,047.14	Yes	1995
HYGIENIST	\$45,789.06	Yes	2004
HYGIENIST	\$45,701.17	Yes	2002
HYGIENIST	\$47,160.83	Yes	2006
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER - TEMP - COLLEGE STUDENT	\$12,366.53	No	2007
OTHER			
DESCRIBE FRINGE BENEFITS AND VALUE			
DO YOU HIRE ANY UNPAID FAMILY MEMBERS			
DESCRIBE DUTIES			
ESTIMATED ANNUAL VALUE OF ABOVE			
PRODUCTION CENTERS			
	YEAR TO DATE	LAST YEAR	TWO YEARS AGO
ENTER YEAR	11-09 to 3-10	2009	2008
GROSS PRODUCTION	\$ 749,314.01	\$1,861,604	\$1,584,608
HYGIENISTS		\$558,481	\$1,109,226
OWNER		\$ 1,303,123	\$ 475,382
ASSOCIATE			130312
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	None		
YOUR PRACTICE OF DENTISTRY			