

North Central, North Carolina General Dentistry

MERGER FINANCIAL SUMMARY FOR PRACTICE 8739 12/22/2010 12:07

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			\$506,675	100.0%
	HYGIENE COMPONENT		\$91,201	18.0%
	DENTIST COMPONENT		\$415,473	82.0%
	RETAINED SELLER		\$0	0.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$415,473	82.0%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$98,022	19.3%
	LABORATORY		\$30,364	6.0%
	CLINICAL SUPPLIES		\$34,030	6.7%
	OTHER VARIABLE EXPENSE		\$12,382	2.4%
TOTAL VARIABLE EXPENSE INCREASE			\$174,798	34.5%
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		\$13,047	2.6%
TOTAL FIXED EXPENSE INCREASE			\$21,047	4.2%
DEBT SERVICE INCREASE				
	INTEREST		\$27,842	5.5%
	PRINCIPAL		\$38,381	7.6%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$66,223	13.1%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$506,675	100.0%
EXPECTED INCREASED EXPENSES			\$195,845	38.7%
EXPECTED INCREASED DEBT SERVICE			\$66,223	13.1%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$244,607	58.9%
PURCHASER PRODUCED PRODUCTION			\$415,473	82.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$38,381	9.2%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$15,190	3.7%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$298,178	71.8%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$319,000	65%
	WORKING CAPITAL		\$24,000	4.7%
	TOTAL LOAN		\$343,000	67.7%
	LOAN INTEREST RATE		9.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$5,519	13.1%
	ESTIMATED MONTHLY HYGIENE/ASSOC PROFIT		\$4,560	10.8%

North Central, North Carolina

MERGER DATA SUMMARY FOR PRACTICE NUMBER 8739

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	1,900
EXPANDABLE FOOTAGE	Yes
CURRENT MONTHLY RENTAL i.e. "1200"	\$2,287
PRICE PER SQUARE FOOT	\$14.44
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	3 reserved, others available
PROXIMITY OF PARKING PLACES	Front door
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	4
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"	Year to Year
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"	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	\$589
ANNUAL REAL ESTATE INSURANCE COST	\$3,724
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	Locum Tenens
DAYS/WEEK CURRENTLY WORKED	4
ENTER DESIRED WORK DAYS FOR MERGER 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: Geneal fee for service practice with no contracts and limited medicaid. Excellent cross trained staff. Many long time loyal patients. We offer quality care.

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS	Yes - Professional Management
RESULTS	
DESCRIBE INTERNAL MARKETING	Pens and Pencils
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	Slightly lower. Economically challenged area; national and international economy.
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	1,200
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	6
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	13
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	10
HOW FAR AHEAD IS DENTIST SCHEDULED?	1 - 2 weeks
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	3 - 4 weeks
% PRACTICE INCOME FROM CASH	64%
% OF PATIENTS PAYING CASH	32%
% PRACTICE INCOME FROM INSURANCE	33%
% OF PATIENTS WITH INSURANCE	60%
% 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	3%
% OF PATIENTS WITH MEDICAID	8%
% PRACTICE INCOME WITH REDUCED FEE PLANS	3%
% OF PATIENTS WITH REDUCED FEE PLANS	8%
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
	SATURDAY
DENTIST HOURS WORKED PER WEEK	32
HYGIENIST HOURS WORKED PER WEEK	32
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	1,664
HYGIENE PATIENT VISITS PER YEAR	1,280
NUMBER OF DAYS WORKED PER YEAR	192
NUMBER OF WEEKS WORKED PER YEAR	50
ACTUAL ACCOUNTS RECEIVABLE BALANCE	
SIX WEEKS ACCOUNTS RECEIVABLE	\$58,462
WHAT IS YOUR COLLECTION PERCENTAGE	99%
WHAT TYPE RECALL SYSTEM	Card generated when patient is due
WHAT TYPE COMPUTER SYSTEM	Practice Works

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	18%
OPERATIVE	19%
PEDODONTICS	1%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	6%
FIXED PROSTHETICS	26%
ENDODONTICS	2%
PERIODONTICS	1%
ORAL SURGERY	5%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	22%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	50%
LOCATION DEMAND SCALE 0% - 100%	60%
PLAN / MEDICAID PRACTICE %	3%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	\$72
GOLD INLAY 02540	\$880
TWO SURFACE POSTERIOR COMPOSITE 02386	\$190
TWO SURFACE AMALGAM 02150	\$145
CORE BUILD-UP INCLUDING PINS 02950	\$210
GOLD / PORCELAIN CROWN 02750	\$880
ANTERIOR CANAL ROOT CANAL 03310	\$525
BICUSPID ROOT CANAL 03320	\$630
LABIAL PORCELAIN VENEER 02962	\$670
AVERAGE OF FEES	\$467
PERCENT OF FEE PARITY	83%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	18,500
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	45,000
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES WITHIN	8
MAJOR EMPLOYERS IN AREA	Iams Pet Foods, Maria Parham Medical Center, Glass Plant, Variety Wholesalers, Walmart Distribution Center
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Depressed due to national economy

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$30,368.30	Yes	1994
OFFICE MANAGER			
RECEPTIONIST	\$ _____	_____	_____
ASSISTANT	\$26,766.64	Yes	1998
ASSISTANT	\$22,757.45	Yes	2003
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$49,377.16	Yes	2005
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER			
DESCRIBE FRINGE BENEFITS AND VALUE	\$60 a month medical reimbursement; life insurance		
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	1-1-10 to 4-30-10	4-30-09	4-30-08
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	\$31 an hour		
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		