

Northern Virginia Endodontic Practice
MERGER FINANCIAL SUMMARY FOR PRACTICE 8895 1/11/2016 13:49

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			\$581,336	100.0%
	HYGIENE COMPONENT		\$133,707	23.0%
	DENTIST COMPONENT		\$447,629	77.0%
	RETAINED SELLER		\$348,802	60.0%
	ASSOCIATE		\$0	0.0%
	PURCHASER		\$232,534	40.0%
VARIABLE EXPENSE INCREASE				
	WAGES, PAYROLL TAX, ETC.		\$116,680	20.1%
	LABORATORY		\$0	0.0%
	CLINICAL SUPPLIES		\$52,959	9.1%
	OTHER VARIABLE EXPENSE		\$165,840	28.5%
TOTAL VARIABLE EXPENSE INCREASE			\$335,479	57.7%
FIXED EXPENSE INCREASE				
	RENT		\$0	0.0%
	PHONE, UTILITIES		\$3,000	0.5%
	LEGAL & ACCOUNTING		\$3,500	0.6%
	INSURANCE		\$1,500	0.3%
	OTHER FIXED EXPENSE		\$22,787	3.9%
TOTAL FIXED EXPENSE INCREASE			\$30,787	5.3%
DEBT SERVICE INCREASE				
	INTEREST		\$18,338	3.2%
	PRINCIPAL		\$51,709	8.9%
TOTAL DEBT SERVICE - THIS IS BREAK-EVEN RETENTION PERCENTAGE			\$70,048	12.0%
SUMMARY				
EXPECTED INCREASED COLLECTIONS			\$581,336	100.0%
EXPECTED INCREASED EXPENSES			\$366,266	63.0%
EXPECTED INCREASED DEBT SERVICE			\$70,048	12.0%
EXPECTED INCREASED NET INCOME & PERCENT OF PERSONAL PRODUCTION			\$145,023	62.4%
PURCHASER PRODUCED PRODUCTION			\$232,534	40.0%
EQUITY INCREASE & PERCENT OF PERSONAL PRODUCTION			\$51,709	22.2%
TAX SAVINGS FROM DEPRECIATION & PERCENT OF PERSONAL PRODUCTION			\$16,924	7.3%
TOTAL ECONOMIC BENEFIT-CASH, TAX SAVINGS, EQUITY & % PERSONAL PROD.			\$213,657	91.9%
THIS CASH FLOW EXAMPLE IS BASED ON THE FOLLOWING ASSUMPTIONS:				
	SALES PRICE & PERCENT OF GROSS		\$385,000	69%
	WORKING CAPITAL		\$28,000	4.8%
	TOTAL LOAN		\$413,000	71.0%
	LOAN INTEREST RATE		5.00%	
	LOAN TERM IN MONTHS		84	
	MONTHLY PAYMENT		\$5,837	12.0%
	ESTIMATED MONTHLY HYGIENE/ASSSOC PROFIT		\$17,389	35.9%

Northern Virginia**MERGER DATA SUMMARY FOR PRACTICE NUMBER 8895**

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	1,600
EXPANDABLE FOOTAGE	1,200
CURRENT MONTHLY RENTAL i.e. "1200"	\$2,249
PRICE PER SQUARE FOOT	\$16.87
IS OFFICE HANDICAPPED ACCESSIBLE?	Yes
NUMBER OF PARKING SPACES	50
PROXIMITY OF PARKING PLACES	
NUMBER OF OPERATORIES EQUIPPED FOR DENTIST	4
NUMBER OF OPERATORIES EQUIPPED FOR HYGIENIST	
NUMBER OF PLUMBED BUT UNEQUIPPED OPERATORIES	1
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"	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	\$1,819
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 WORK DAYS FOR MERGER SALE	
DESIRED WORK DAYS/WEEK 1ST YR	3
DESIRED WORK DAYS/WEEK 2ND YR	3
DESIRED WORK DAYS/WEEK 3RD YR	3
DESIRED WORK DAYS/WEEK 4TH YR	2
DESIRED WORK DAYS/WEEK 5TH YR	2
DESIRED WORK DAYS/WEEK 6TH YR	2

PRACTICE DATA	
WHAT CONSULTANT USED IN PAST 5 YRS	None
RESULTS	
DESCRIBE INTERNAL MARKETING	
DESCRIBE EXTERNAL MARKETING	
HAS GROSS CHANGED SIGNIFICANTLY? WHY?	Yes, economy and retirement of Dr. Joel Kessler
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
ESTIMATE NUMBER OF PTS LAST 18 MONTHS	
AVERAGE NUMBER OF NEW PATIENTS PER MONTH	
AVERAGE NUMBER PTS TREATED PER DAY BY DENTIST	
AVERAGE NUMBER PTS TREATED PER DAY BY HYGIENIST	
HOW FAR AHEAD IS DENTIST SCHEDULED?	
HOW FAR AHEAD IS HYGIENIST SCHEDULED?	
% PRACTICE INCOME FROM CASH	
% OF PATIENTS PAYING CASH	
% PRACTICE INCOME FROM INSURANCE	60%
% OF PATIENTS WITH INSURANCE	
% PRACTICE INCOME FROM HMO	10%
% OF PATIENTS WITH HMO	
% PRACTICE INCOME FROM PPO	50%
% 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	25%
% OF PATIENTS WITH REDUCED FEE PLANS	
PURCHASER MUST PERSONALLY VERIFY PATIENT POPULATION DATA & REDUCED FEE PLANS	
OFFICE HOURS	MON 7:00 AM - 3:30 PM
	TUESDAY 7:00 AM - 3:30 PM
	WEDNESDAY 7:00 AM - 3:30 PM
	THURSDAY 7:00 AM - 3:30 PM
	FRIDAY 7:00 AM - 3:30 PM
	SATURDAY
DENTIST HOURS WORKED PER WEEK	40
HYGIENIST HOURS WORKED PER WEEK	
ASSOCIATE HOURS WORKED PER WEEK	
DENTIST PATIENT VISITS PER YEAR	4,800
HYGIENE PATIENT VISITS PER YEAR	
NUMBER OF DAYS WORKED PER YEAR	245
NUMBER OF WEEKS WORKED PER YEAR	49
ACTUAL ACCOUNTS RECEIVABLE BALANCE	\$44,940
SIX WEEKS ACCOUNTS RECEIVABLE	\$67,077
WHAT IS YOUR COLLECTION PERCENTAGE	95%
WHAT TYPE RECALL SYSTEM	Postcards
WHAT TYPE COMPUTER SYSTEM	IBM Network; 12 substations

WHAT % OF THE PRACTICE INCOME IS:	
HYGIENIST PRODUCTION	0%
OPERATIVE	0%
PEDODONTICS	0%
ORTHODONTICS	0%
IMPLANTS	0%
REMOVABLE PROSTHETICS	0%
FIXED PROSTHETICS	0%
ENDODONTICS	100%
PERIODONTICS	0%
ORAL SURGERY	0%
COSMETIC	0%
TMJ TREATMENT	0%
SOFT TISSUE MANAGEMENT	0%
OTHER	0%
TOTAL	100%
MARKET FACTOR DATA	
EQUIPMENT FACTOR SCALE 0% - 100%	50%
LOCATION DEMAND SCALE 0% - 100%	90%
PLAN / MEDICAID PRACTICE %	25%
ANNUAL FEE INCREASE %	4%
ANNUAL OVERHEAD INCREASE %	4%
FEE SCHEDULE	
ADULT PROPHY 01110	
GOLD INLAY 02540	
TWO SURFACE POSTERIOR COMPOSITE 02386	
TREATMENT OF PRIOR ROOT CANAL, MOLAR 3348	\$1,300
RETREATMENT OF PRIOR ROOT CANAL, BICUSPID 3347	\$950
RETREATMENT OF PRIOR ROOT CANAL, ANTERIOR 3346	\$800
ANTERIOR CANAL ROOT CANAL 03310	\$775
BICUSPID ROOT CANAL 03320	\$850
ENDODONTIC THERAPY, MOLAR (EXCLUDING FINAL RESTOR	\$1,100
AVERAGE OF FEES	\$963
PERCENT OF FEE PARITY	144%
DEMOGRAPHIC DATA	
WHAT IS APPROX. POPULATION OF YOUR CITY OR TOWN	140,000
WHAT IS APPROX. POPULATION OF YOUR DRAWING AREA	2.6 million
APPROXIMATE NUMBER OF GENERAL DENTAL PRACTICES	785
WITHIN	5
MAJOR EMPLOYERS IN AREA	US Government and US Governmen Contractors
DESCRIBE ANY MAJOR ECONOMIC CHANGES IN YOUR DRAWING AREA	Stable

STAFF DATA			
DESCRIBE STAFF BY POSITION AS TO	ANNUAL SALARY	WILL POSSIBLY STAY?	YEAR HIRED
RECEPTIONIST	\$43,680	Yes	2011
OFFICE MANAGER	\$ _____	_____	_____
RECEPTIONIST	\$ _____	_____	_____
ASSISTANT	\$47,840	Yes	2009
ASSISTANT	\$55,120	Yes	2004
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
ASSISTANT	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
HYGIENIST	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
LAB TECHNICIAN	\$ _____	_____	_____
OTHER _____	\$ _____	_____	_____
OTHER _____			
DESCRIBE FRINGE BENEFITS AND VALUE	Medical 2 employees \$14,000		
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	1/1/12 - 8/20/12	2011	2010
GROSS PRODUCTION	\$420,000	\$740,000	\$773,000
HYGIENISTS	\$ _____	\$ _____	\$ _____
OWNER	\$420,000	\$500,000	\$407,500
ASSOCIATE	\$ _____	\$240,000	\$361,500
ASSOCIATE	\$ _____	\$ _____	\$ 4,000
ASSOCIATE	\$ _____	\$ _____	\$ _____
ENTER ASSOCIATE SALARY IN DOLLARS IF FIXED			
ENTER ASSOCIATE COMMISSION PERCENTAGE	50%		
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		