Statement of Assets, Liabilities, & Equity

Assets		
Cash		41,691
Fixed Assets		
Computer Equipment	30,000	
Dental Equipment	120,000	
Furniture and Fixtures	15,000	
Office Equipment	15,000	
	180,000	
Accumulated Depreciation	(36,000)	144,000
Other Assets		
Goodwill and Patient Records	400,000	
Covenant Not to Compete	20,000	
Accumulated Amortization	(28,000)	392,000
Total		577,691
Liabilities		
Current		
Credit Card Payable		7,000
Retirement Plan Payable		15,000
Current Portion Long-Term Debt		47,949
		69,949
Long Term		
Loan Payable ABC Bank	554,837	
Less Current Portion	(47,949)	506,888
Total Liabilities		576,837
Equity		
Common Stock	1,000	
Retained Earnings	-	
Net Income	(146)	
Distributions	-	854
Total		577,691

Comments

There are two basic methods of accounting, accrual and cash. 99% of dentists use the cash basis method of accounting

Assets are recorded at cost, not fair market value.

Depreciation represents the expensing of tangible asset costs over time

Amortization is similar to depreciation except that it applies to intangible assets rather than tangible assets.

Current portion is the amount of loan principal that will be repaid within the next 12 months.

Statement of Revenues and Expenses

Fee Collections	850,000	101.2%	
Patient Refunds	(10,000)	-1.2%	
Net Fee Collections	840,000	100.0%	
Staff Compensation and Expenses			
Administrative			
Benefits (health insurance varies)	8,000	1.0%	
Continuing Education	700	0.1%	
Insurance - Worker Compensation	1,240	0.1%	
Meetings	275	0.0%	
Salary (admin/clinical/ hygiene =25%)	65,000	7.7%	7.7%
Taxes (payroll)	5,200	0.6%	
	80,415	9.6%	
Clinical - (RDA)			
Benefits (health insurance varies)	6,000	0.7%	
Continuing Education	500	0.1%	
Insurance - Worker Compensation	860	0.1%	
Laundry and Uniforms	325	0.0%	
Meetings	275	0.0%	
Salary (admin/clinical/ hygiene =25%)	45,000	5.4%	5.4%
Taxes (payroll)	3,600	0.4%	
	56,560	6.7%	
Hygiene - (RDH)			
Benefits (health insurance varies)	7,000	0.8%	
Continuing Education	1,200	0.1%	
Insurance - Worker Compensation	1,910	0.2%	
Laundry and Uniforms	415	0.0%	
Meetings	275	0.0%	
Salary (admin/clinical/ hygiene =25%)	100,000	11.9%	11.9%
Taxes (payroll)	8,000	1.0%	
	118,800	14.1%	
Total	255,775	**30.1%**	**25.0%**
Variable			
Dental Supplies	50,400	6.0%	6% Benchmark
Laboratory (CAD/CAM 4-5%)	67,200	8.0%	7%-10% Benchmark
	117,600	14.0%	
Marketing			
Advertising	15,000	1.8%	
Donations	3,500	0.4%	
Gifts and Promotion	6,500	0.8%	
Meals and Entertainment	2,500	0.3%	
	27,500	3.3%	
Financial			
Fees	150	0.0%	

Interest	34,771	4.1%	Declines over time
	34,921	4.1%	
Facility			
Amortization	28,000	3.3%	
Depreciation	36,000	4.2%	
Janitorial	12,000	1.4%	
Maintenance	5,000	0.6%	
Rent - Office	51,000	6.0%	
Rent - Equipment	4,200	0.5%	
Repairs	4,500	0.5%	
Utilities	2,100	0.2%	
Waste Disposal	1,200	0.1%	
	144,000	16.9%	
Administrative			
Accounting	9,000	1.1%	
Bank Charges & Merchant Fees	12,000	1.4%	
Computer Expenses	6,000	0.7%	
Dues and Subscriptions	1,100	0.1%	
Office Expense	12,750	1.5%	
Outside Services	14,000	1.6%	
Taxes	3,800	0.4%	
Telephone	3,000	0.4%	
	61,650	7.3%	
Total Expenses	641,446	75.5%	
Practice Profit (A)	198,554	23.4%	
Doctor Expenses			
Auto Expense	3,500	0.4%	
Continuing Education			
Meals	150	0.0%	
Travel	1,300	0.2%	
Tuition	3,000	0.4%	
	4,450	0.5%	
Insurance - Disability	2,500	0.3%	
Insurance - Health	6,500	0.8%	
Insurance - Life	1,250	0.1%	
Insurance - Professional Liability	2,500	0.3%	
Professional Licenses & Dues	3,000	0.4%	
Retirement Plan	15,000	1.8%	
Salary	150,000	17.6%	
Taxes	10,000	1.2%	
Total	198,700	23.4%	
Net Income (Loss)	(146)	0.0%	

Comments

(A) Adjusted practice profit benchmark = 35%

Practice profit	198,554	23.4%
Interest Expense	34,771	4.1%
Depreciation	36,000	4.2%
Amortization	28,000	3.3%
	297,325	**35.0%**

Statement of Cash Flows

Net Income	(146)
Depreciation	28,000
Amortization	36,000
Retirement Plan Payable	15,000
Cash Flow From Operations	78,854
Investment	
Computer Equipment	(30,000)
Dental Equipment	(120,000)
Furniture and Fixtures	(15,000)
Improvements	-
Office Equipment	(15,000)
Goodwill	(420,000)
Stock	1,000
	(599,000)
Financing	
Credit Cards	7,000
Loan Proceeds ABC Bank	600,000
Loan Repayments ABC Bank	(45,163)
	561,837
Net Change in Cash Flow	41,691
Cash Balance Beginning	-
Cash Balance Ending	41,691