Dr. John Public
Optometrist
John Q. Public, LLC
Anytown, US
June 30, 2012
Practice Valuation & Appraisal

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Once you have reviewed the information and completed your analysis of this report please return it to:

Practice Resource Management, Inc.
5435 Southwood Drive
Lake Oswego, Oregon 97035-5780

Thank you for your interest in this opportunity.

John Public, OD
John Q. Public, LLC
Anytown, US 12345

August 1, 2012

John M. B. Rumpakis, O.D., M.B.A., President
Practice Resource Management, Inc.
5435 Southwood Drive
Lake Oswego, Oregon 97035-5780

Dear Dr. Rumpakis:

I have read and reviewed and approve the evaluation report prepared for my practice as of June 30, 2012. I understand that the report was prepared by your firm based on the financial information and other verbal and written information provided by myself and other authorized representatives of my practice. I have reviewed all adjustments made to my financial statements in the course of your evaluation and conclude that the adjustments are appropriate and verifiable. I further understand that Practice Resource Management, Inc. has made no independent verification of the financial information and other representations made by myself or other representatives of my practice. I concur with the stated value of all assets detailed in the section titled "Balance Sheet Adjustments" as applicable to my fixed assets and inventory.

I agree that the asking price for my practice will be $1,125,000 as detailed in your evaluation report and I agree to accept any offer that meets the specifications in this report including asking price and terms as detailed under the explanation of the debt service method.

Sincerely,

John Public, OD

June 30, 2012

John Public, OD
John Q. Public, LLC
123 Main Street
Anytown, US 12345

DESCRIPTION OF THE ASSIGNMENT

Practice Resource Management, Inc., an Oregon corporation, doing business as a professional practice management consulting firm has been engaged by John Public, OD to estimate the fair market value of the practice known as John Q. Public, LLC (the Practice). The primary purpose of the valuation is to establish a value for sale to an associate.

Fair market value (FMV) for purposes of this valuation is defined as the cash or cash equivalent price at which property would change hands between a willing buyer and a willing seller, neither being under a compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

SUMMARY DESCRIPTION OF THE COMPANY

John Q. Public, LLC operates as a Limited Liability Corporation under the name of John Q. Public, LLC with optometric office(s) primarily located in Anytown, US.

VALUATION METHODS AND CONCLUSION

In developing a value for the Practice, we applied several methods to the available information. The methods used were: a debt service method, IRS Revenue Ruling 68-609 (also known as the Formula Method or Excess Earnings Method) and three methods referred to by us as "Rules of Thumb" which are sometimes referred to as such within the optometric profession. Based on the information contained in the detailed narrative report that follows, it is our opinion that the fair market value of the Practice is in line with the suggested asking price of $1,125,000 . This practice has a normative net to gross ratio with an excellent free cash flow. The valuation is subject to the assumptions and limiting conditions presented in Report Section 5. Also, the price a purchaser will pay will depend on the structural terms of a purchase agreement (i.e.: down payment, owner carryback, etc.).

REPORT SECTION 2

Financial Analysis

FINANCIAL ANALYSIS

The following information was obtained from Dr. Public using financial statements and income tax returns that were prepared under his direction by his personal certified public accountant.

BALANCE SHEET ANALYSIS

Due to the tax reporting basis elected by Dr. Public, the practice does not maintain a complete balance sheet. The significant assets of the practice are described below as represented in the business tax return.

Exhibits in Report Section 6 present the Practice's balance sheets and income tax returns for the Six months ended June 30, 2012 and the years ended December 31, 2011 through December 31, 2008. These balance sheets and income tax returns were prepared under Dr. Public's direction by his certified public accountant. These statements and tax returns have not been compiled, reviewed or audited by us. Accordingly, we express no assurance on them. They are included solely to assist in the development of the value conclusion presented in this report and they should not be used for any other purpose. Because of the limited purpose of these presentations, they are incomplete and contain significant departures from generally accepted accounting principles.

The following paragraphs discuss items that were considered by us in valuing the Practice.

Inventories

The cost of inventory is reflected in the cost of goods sold. Due to materiality, and the income tax method used to prepare the practice's books and records, items in inventory are expensed as payment for the items is made. It is estimated that the value of inventory on hand would be approximately $15,720 at the time of sale as this practice carriers no inventory costs.

Fixed Assets (Property and Equipment

As of June 30, 2012, Report Section 6 indicates the following approximate costs for the various fixed assets:

Office Equipment	$89,760
Medical Equipment	$-
Furniture and Fixtures	$-
Leasehold Improvements	$44,183
Automobiles	$-
Total	$133,944

Accounts Receivable/Accounts Payable

The books and records for the practice are maintained on the cash basis. As a result, the practice does not record accounts receivable or accounts payable for tax purposes. At the time of sale, any accounts receivable or accounts payable are expected to be minimal. In the case of a sale, most likely the receivables will be retained by Dr. Public to liquidate the payables.

INCOME STATEMENT ANALYSIS

The Practice's annualized income statements and income tax returns for the years ended December 31, 2012 through December 31, 2008 are shown as Exhibits in Report Section 6. Again, these statements and tax returns were prepared by Dr. Public and his certified public accountant and have not been compiled, reviewed or audited by us. We express no assurance on them. They are included solely to assist in the development of the value conclusion presented in this report and they should not be used for any other purpose. Because of the limited purpose of these presentations, the income statements and tax returns are incomplete and contain significant departures from generally accepted accounting principles.

The following paragraphs discuss items we considered in valuing the Practice. Sales, Income and Gross Profit.

Our analysis of sales, incomes and gross profits included the years ended June 30, 2012 through December 31, 2008. We offer the following recapitulation derived from Exhibits in Report Section 6:

<u>Salaries and Wages</u>

This account includes the wages for all personnel employed by the practice excluding Dr. Public and other corporate officers.

<u>Net Income</u>

Exhibits in Report Section 6 detail the income statements (statements of operations) and income tax returns for the Six months ended June 30, 2012 and the years ended December 31, 2011 through December 31, 2008. The net incomes from these statements and tax returns are summarized as follows;

	For The Years Ended December 31,			
	2012	2011	2010	2009
Net Income	$ 165,903	$ 397,296	$ 394,680	$ 405,912
Annualization	0.50	1.00	1.00	1.00
Annualized Net Income	$ 331,806	$ 397,296	$ 394,680	$ 405,912
Other Adjustments - Recasting (1)	$ 35,283	$ 67,042	$ 78,460	$ 73,578

(1) Represents expenses incurred by owner that are discretionary or of a one-time nature, non-cash expenditures, or adjustments that bring the level of expense in line with that experienced by practices of similar size. See Report Section 8 for a summary of these adjustments.

If the above net incomes were to be reported by a Sole Proprietorship, they would be reduced by obligations for self-employment tax and income taxes. Because both self-employment tax and income taxes are relevant to a taxpayer's particular facts and circumstances, we have not included a provision for these items. The assumptions for the computations are infinite and we believe they should be calculated by each person (or entity) valuing the Practice from a purchase analysis point of view. Net income would of course, be reduced by a purchaser's depreciation (cost recovery) and amortization allowances (and possibly interest expense if debt financed) attributable to the purchase price and allocated costs to particular assets acquired.

BALANCE SHEET ADJUSTMENTS

With respect to a potential sale and to determine a reasonable value for the Practice, we concluded to make some balance sheet adjustments. These adjustments were used by us in all of the valuation methods which required an amount for net assets to be computed. The valuation methods identified as Methods 3 and4 in the "Valuation Summary" at the end of this report did not include an amount for net assets and therefore did not involve the balance sheet adjustments.

The adjustments we made to the balance sheet at June 30, 2012 were to eliminate those assets and liabilities most likely not to be included in a sale/purchase transaction and to restate the cost of fixed assets (property and equipment) to fair market values based upon amounts represented to us. The balance sheet adjustments we made are summarized as follows:

June 30, 2012	Balance Sheet	Adjustments	Net Amount After Adjustments
Cash	$ 54,724	$ -	$ 54,724
Accounts Receivable	$ 155,509	$ -	$ 155,509
Inventory	$ 15,720	$ -	$ 15,720
Office Equipment	$ 89,760	$ -	$ 89,760
Professional Equipment	$ -	$ -	$ -
Furnishings and Fixtures	$ -	$ -	$ -
Leasehold Improvements	$ 44,183	$ -	$ 44,183
Vehicles	$ -	$ -	$ -
Accumulated Depreciation	$ -	$ 124,928	$ (124,928)
Prepaid Expenses	$ -	$ -	$ -
Other Assets	$ 22,680	$ -	$ 22,680
Subtotal	$ 382,578	$ 124,928	$ 257,650
Accounts Payable	$ -	$ -	$ -
Current Liabilities	$ -	$ -	$ -
Fixed Liabilities	$ 58,446	$ -	$ 58,446
Shareholders Equity	$ 43,694	$ -	$ 43,694
Subtotal	$ 102,141	$ -	$ 102,141
Total Assets Net of Liabilities	$ 280,437	$ 124,928	$ 257,650

All office and professional equipment not listed here is not part of or included in this appraisal. Since inventory and depreciable assets may be considered to be significant amounts, these items should be reviewed by or on behalf of a purchaser as part of their due diligence.

Any fair market values for the Fixed Assets (Property and Equipment) were determined by Dr. Public. No independent appraisal of the equipment has been performed by us. A detailed listing of the property is typically provided in Report Section 9 of this report; however no materials were received from client to provide this detail.

INCOME STATEMENT ADJUSTMENTS

Based on the information provided us, we determined several income statement adjustments (adjustments to net income) were necessary to derive reasonable and comparative earnings before interest and taxes, hereinafter referred to as EBIT. The adjustments we made were as follows:

	For The Years Ended December 31,			
	2012	2011	2010	2009
Net Income	$ 165,903	$ 397,296	$ 394,680	$ 405,912
Annualization	0.50	1.00	1.00	1.00
Annualized Net Income	$ 331,806	$ 397,296	$ 394,680	$ 405,912
Other Adjustments - Recasting (1)	$ 35,283	$ 67,042	$ 78,460	$ 73,578
Reasonable Compensation	$ 250,000	$ 250,000	$ 250,000	$ 250,000

The above numbers were used to derive four (4) years average EBIT as follows:

For The Years Ended December 31,	EBIT
2012	$ 81,089
2011	$ 178,338
2010	$ 187,140
2009	$ 193,490
Total	$ 640,057
Number of Years	4
Average EBIT	$ 160,014
EBIT Used For Calculations	$ 160,014

We reduced net income for a reasonable compensation for Dr. Public, or another optometrist. We considered this adjustment necessary should a purchaser not be an optometrist and/or desire to hire a primary optometrist for a reasonable compensation to run and manage the Practice. Also, this provision for reasonable compensation derives an EBIT which is comparable to computations made for valuation purposes and is a source of reference in industry publications such as Robert Morris Associates.

Note the analysis illustrated above shows a remaining profit of approximately $160,014 after deducting a “reasonable salary”. This remaining profit can be used for interest and principal payments, income taxes or increased owner compensation.

Reasonable Compensation Calculation

To derive an amount for reasonable compensation, we chose to use the industry analysis provided in the 2007 version of Robert Morris Associates (RMA). Our interpretation of this published data is that 16.5% of sales is the average compensation for officers, directors, and owners. Using the RMA data, we considered their "net sales" to represent gross sales, net of cost of goods sold. Our computations for reasonable compensation based on net sales therefore included total income (which is after cost of goods sold) as identified in Report Section 6. Reasonable compensation calculations are summarized as follows:

	For The Years Ended December 31,			
	2012	2011	2010	2009
Total Annualized Income	$1,736,640	$1,734,401	$1,699,451	$1,695,697
Rounded Income	$1,736,640	$1,734,401	$1,699,451	$1,695,697
Reasonable Compensation %	16.5%	16.5%	16.5%	16.5%
Net Compensation By Calculation	$ 286,546	$ 286,176	$ 280,409	$ 279,790

Following the guideline of Robert Morris Associates (RMA), a reasonable salary of approximately $283,230 was determined. However, in our opinion, for purposes of developing an estimate of cash flow, we therefore used $250,000 as being reasonable compensation for working and managing a practice of this nature.

REPORT SECTION 3

Valuation Methods

VALUATION METHODS

As discussed in our introduction, we have used a debt service method, IRS Revenue Ruling 68-609 (Formula Method) and three methods referred to by us as "Rules of Thumb" which are sometimes referenced specifically within the optometric industry (profession). We considered a discounted net cash flow method, but did not use it because the method requires forecasting and other significant assumptions which introduced too many uncertainties. We are satisfied that the methods we used derived a reasonable fair market value for the Practice.

DEBT SERVICE METHOD

We believe the debt service method we used quantifies the maximum amount of debt the Practice could service, reduced for taxes, based on current and adjusted earnings. Since this method utilizes current earnings, as adjusted, it should represent an affordable amount a purchaser could pay from the income generated by the Practice. Our debt service computation begins with EBIT for June 30, 2012 through December 31, 2008 as discussed in the "Income Statement Adjustments" section of this report and is as follows:

Debt Service Method

	Total	2012	2011	2010	2009
EBIT	$ 640,057	$ 81,088.99	$ 178,337.71	$ 187,140.12	$ 193,489.82
Number of Years	4				
Average EBIT		$ 160,014			
Average Monthly EBIT	$ 13,335				
Total Practice Value	$1,123,362.64				

	For The Years Ended December 31,			
	2012	2011	2010	2009
EBIT	$ 81,089	$ 178,338	$ 187,140	$ 193,490
Number of Years	4			
Average EBIT	$ 160,014			
Interest Expense	$ 81,712			
Depreciation	$ 19,071			
Approximate Taxable Income	$ 331,806			
Tax	$ 156,379			
Principle Payments	$ 78,536			
Depreciation	$ 19,071			
Approximate Cash Flow After Debt Payments	$ (233)			

Interest and principal payments are based on an acquisition structured as follows:

	Amount	Term (Years)	Interest Rate
Bank loan	$1,125,000.00	10	7.50%
Seller Carry Back	0	10	7.50%
Purchaser Equity	0	0	0
Total Purchase Price	$1,125,000.00		

(1) The interest rate of 7.50% is believed to be the prevailing rate of interest on loans for optometric acquisitions of this type. The actual rate of interest could vary depending on the level of equity invested by the purchaser.

Depreciation of $19,071 was based on a $1,125,000 purchase price allocated as follows:

	Estimated Value	Recovery Period	Depreciation (STL)
Inventory	$ 15,720	0	
Office Equipment	$ 89,760	5	$ 17,952
Medical Equipment	$ -	5	$ -
Furniture and Fixtures	$ -	7	$ -
Leasehold Improvements	$ 44,183	39.5	$ 1,119
Automobile	$ -	5	$ -
Covenant Not To Compete		5	$ -
Lease		5	$ -
Consulting Agreement		5	$ -
Goodwill	$ -	15	$ -
Total	$ 149,664		$ 19,071

Although accelerated depreciation would be utilized for income tax purposes, we have used the Straight Line method with the above useful lives to provide for cost recovery on a conservative basis.

The income tax provision was based on the following calculation:

	2012	2011	2010	2009
Taxable Income	$331,806	$397,296	$394,680	$405,912
Social Security Factor	92.35%	92.35%	92.35%	92.35%
Subject To Social Security Tax	$306,423	$366,903	$364,487	$374,859
Tax Rate	15.30%	15.30%	15.30%	15.30%
Self Employment Tax	$46,883	$56,136	$55,767	$57,353
Income Tax Rate Assumed				
33.00%				
Income Tax	$109,496	$131,108	$130,244	$133,951
Total Income Tax	$156,379	$187,244	$186,011	$191,304

Approximate cash flow should be considered a part of the owners compensation as the EBIT included in the calculation is reduced by a "reasonable compensation" estimate.

Using the figures on the previous pages, the new owner of this practice could expect first year total cash flow to be based on the following:

CASH FLOW TO OWNER YEAR ONE - TEN:

Years 1 - 10	
Reasonable Salary	$250,000
Debt Service: Principal Payments	$78,536
Debt Service: Interest Payments	$81,712
After Tax Profit	$(233)
Total Cash Flow From Practice	$410,014
Years 11 and Beyond	
Reasonable Salary	$410,014
Straight-line Pay-back Time	
Practice Acquisition Price	$1,123,363
Total Cash Flow From Practice	$410,014
TOTAL PAY-BACK PERIOD	2.74

Utilizing this method, we determined a value of $1,123,362.64 for the Practice.

IRS REVENUE RULING 68-609 (FORMULA METHOD)

The IRS Revenue Ruling method or 'formula method" is also sometimes referred to as the excess earnings method. This method was developed by the U.S. Treasury Department and is commonly used in valuing small businesses.

From a conceptual point of view, this method computes the Practice's equity value based on the "appraised" value of tangible assets, plus an additional amount for intangible assets. A company's tangible assets should provide a current return to the owner - comparable to what the owner could earn if the amount for tangible assets were invested elsewhere with a similar risk and return. Since there are risks associated with owning the Practice's assets, the rate of return used in this computation should be commensurate with the risks involved. Any returns produced by this computation above the rate computed on the tangible assets are considered to arise from intangible assets (i.e.: goodwill, location, etc.) Accordingly, the weighted average capitalization rate used in this method for tangible and intangible assets should be equivalent to the capitalization rate for the entire company. The higher the risk, the higher the capitalization rate and the higher the value.

Utilizing the dollar value we derived earlier for adjusted or restated net assets and the four (4) year average EBIT of $160,014 we compute the value of the Practice using this method as follows:

IRS Revenue Ruling 68-609 Formula Method

	Total	2012	2011	2010	2009
EBIT	$ 640,057	$ 81,089	$ 178,338	$ 187,140	$ 193,490
Number of Years	4				
Average EBIT		$ 160,014			
Adjusted Net Assets	$ 257,650				
Desired Return On Investment	15%				
Percentage Return On Tangible Assets		$ 38,647			
Excess Earnings		$ 121,367			
Capitalization Rate		20%			
Captialized Excess Earnings		$ 606,834			
Tangible Assets		$ 257,650			
Total Practice Value		**$ 864,483.21**			

The above computation with a 20% capitalization rate yields a value of approximately $864,483.21 . The 15% desired return is probably high considering comparable investment yields and the nature of the Practice's assets and degree of associated risk. To the extent 20% is considered to be high, the value of the intangible assets or excess earnings will be understated, and hence, the resulting practice value will be understated.

RULES OF THUMB METHODS

As part of our research regarding our valuation of the Practice, we read and reviewed several publications. In Optometric Economics (Summer 1995), Jerome Legerton, O.D., M.B.A. was quoted as saying "in all industries, a business will sell for some multiple of its earnings." It's also true for the ophthalmic industry in particular, for really wholesome practices, the rule of thumb historically has been about three times the net earnings or about the average of the prior four years gross.'

Rule Of Thumb 1

For the first rule of thumb, we used the previously computed annualized and annual net sales as discussed in the Sales, Income & Gross Profit section for "gross". We computed the value of the Practice using the average of the prior four years' gross as follows:

Annualized Gross Revenue Method

	Total	2012	2011	2010	2009
Annualized Gross Revenues	$ 6,866,189	$ 1,736,640	$ 1,734,401	$ 1,699,451	$ 1,695,697
Number of Years	4				
Average of Annualized Gross Revenues	$ 1,716,547				
Total Practice Value	**$ 1,716,547**				

This is our first of three rules of thumb. Based on the above, the value of the Practice using an average of four years' gross income would be approximately $1,716,547 .

Rule Of Thumb 2

The second rule of thumb method we used was to compute the value of the Practice as five (5) times EBIT. This method derives a practice value of $800,071 (average EBIT of $160,014 X 5).

EBIT Multiple Method

	Total	2012	2011	2010	2009
EBIT	$ 640,057	$ 81,089	$ 178,338	$ 187,140	$ 193,490
Number of Years	4				
Average EBIT	$ 160,014				
Average EBIT Times 5	$ 800,071				
Total Practice Value	**$ 800,071**				

Rule Of Thumb 3

The third rule of thumb method we used was to compute the value of the Practice as fifty percent (50%) of the last two (2) years average gross revenues for the intangible assets plus an amount for hard assets. This method was discussed by David L. Coleman, J.D. in the January, 1994 issue of Optometric Economics. In this issue Coleman quotes Jeff Sansweet, a business attorney in Wayne, Pennsylvania with respect to goodwill and other intangibles as saying "basically, its whatever a willing buyer and seller agree its (goodwill) worth". If the seller provides an orderly transition by staying on for a while to introduce patients and referral sources to the buyer, which will enhance goodwill. He further stated that "you should expect to pay between 25 and 50 percent of the average of gross collections for the past two years." To apply this method, we again used the amount of $257,650 for hard assets.

We computed goodwill as follows:

Annualized Gross Revenue + Goodwill Method

	Total	2012	2011	2010	2009
Annualized Gross Revenues	$ 6,866,189	$ 1,736,640	$ 1,734,401	$ 1,699,451	$ 1,695,697
Number of Years	4				
Average of Annualized Gross Revenues	$ 1,716,547				
50% of Average Annualized Gross Revenues	$ 858,274				
Goodwill	$ 858,274				
Net Hard Assets	$ 257,650				
Total Practice Value	**$ 1,115,923**				

Based on this method the value of the Practice would be approximately $1,115,923 (hard assets of $257,650 , plus goodwill of $858,274).

REPORT SECTION 4

Valuation Summary

VALUATION SUMMARY

In summary, the various methods applied in this analysis produced the following results:

Summary of Total Practice Value		
Debt Service Method		$1,123,363
Capitalized Earnings Method	$	864,483
Annualized Gross Revenue Method	$	1,716,547
EBIT Multiple Method	$	800,071
Annualized Gross Revenue + Goodwill Method	$	1,115,923
Total	$	5,620,387
Average of Above Five Methods	**$**	**1,124,077**

Based upon the significance of estimates and the amount of judgment involved in methods 3.,4., and 5 above, we feel the debt service method and the IRS capitalized earnings method, as outlined by us, derives the most reasonable value for the Practice. The $1,123,362.64 and the $864,483.21 determined by using this in our considered opinion, most clearly reflects the quality of the Practice considering all facts and circumstances. The value determined using the debt service method allows for adequate owner compensation and the full payment of debt service and the capitalized earnings method allows a clear view of what the capitalized cash flow in the practice is worth. It is our opinion that an asking price of $1,125,000 would allow the purchaser to maintain an adequate compensation in this marketplace and satisfy the debt incurred by the purchase if they are able to contribute to production.

The other methods reflected above and previously referred to as Rules Of Thumb Methods do not reflect a true value of the practice and do not take all relevant financial factors into consideration. These methods overlook important elements such as reasonable owner compensation and the ability of the practice to service debt.

REPORT SECTION 5

Assumptions And Limitations

ASSUMPTIONS AND LIMITING CONDITIONS

This valuation is subject to the following assumptions and limiting conditions:

1. The value for the practice is as of June 30, 2012.
2. The use of this report is limited to the sale of the Professional Practice owned by Dr. Public primarily located in Anytown, US.
3. Information, estimates, and opinions contained in this report are obtained from sources considered to be reliable. However, we assume no liability for such sources.
4. Dr. Public warranted to us that the information he supplied was complete and accurate to the best of his knowledge. The financial statements and income tax returns were prepared under Dr. Public's direction by his certified public accountant. These financial statements and income tax returns were not compiled, reviewed or audited by us. Accordingly, we express no opinion on the financial statements or income tax returns.
5. With regard to the equipment, furnishing and fixtures to be included in the sale of the practice, there has been no appraisal of value by us or verification of title.
6. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or any part of it, nor may it be used for any purpose by anyone other than Dr. Public without her previous written consent.
7. The various estimates of value presented in this report apply to this valuation only and may not be used out of the context presented herein. This valuation is valid only for the primary purpose we specified.
8. This valuation reflects facts and conditions existing at the valuation date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.
9. This report was prepared under the direction of John M. B. Rumpakis, O.D., M.B.A., President, Practice Resource Management, Inc. Neither the professionals who worked on this engagement nor the shareholders of Practice Resource Management, Inc. have any present or contemplated future financial interest in Dr. Public's practice.

REPORT SECTION 6

Financial Statements

	2012	2011	2010	2009
Revenue				
Income	$ 873,720	$ 1,748,021	$ 1,704,251	$1,700,289
Less Patient Refunds & Adjustments	$ 5,400	$ 13,621	$ 4,800	$ 4,591
Total Revenues	$ 868,320	$ 1,734,401	$ 1,699,451	$1,695,697
Annualization	0.50	1.00	1.00	1.00
Total Annualized Revenues	$ 1,736,640	$ 1,734,401	$ 1,699,451	$1,695,697
Operating Expenses				
Cost of Goods Sold	$ 177,676	$ 315,991	$ 282,576	$ 302,240
Wages	$ 373,285	$ 740,070	$ 705,848	$ 687,588
Retirement (Pension)	$ 2,750	$ 1,249	$ 2,366	$ 4,515
Professional Services	$ 5,501	$ 4,861	$ 5,195	$ 5,575
Advertising	$ 182	$ 2,448	$ 1,569	$ 982
Donations/Contributions	$ -	$ -	$ -	$ 125
Dues & Subscriptions	$ 3,283	$ 7,217	$ 6,335	$ 5,899
Continuing Education	$ 7,206	$ 7,390	$ 11,882	$ 11,928
Depreciation	$ -	$ 7,528	$ 19,449	$ 20,273
Bank Service Charges	$ 7,760	$ 20,830	$ 19,355	$ 17,602
Amortization	$ -	$ -	$ -	$ -
Health Insurance	$ 50,940	$ 76,662	$ 80,992	$ 68,754
Interest	$ 1,425	$ 3,977	$ 4,160	$ 4,135
Taxes	$ 4,931	$ 8,346	$ 9,344	$ 9,455
License and Fees	$ -	$ -	$ -	$ -
Lease Expense	$ 447	$ 889	$ 1,613	$ 1,723
Office Expense	$ 4,983	$ 10,078	$ 9,980	$ 9,809
Instruments	$ -	$ -	$ -	$ -
Rent or (Market Rate Substitution)	$ 18,000	$ 36,000	$ 36,000	$ 36,000
Payroll Taxes	$ -	$ -	$ -	$ -
Computer Software Support	$ -	$ -	$ -	$ -
Supplies	$ 14,795	$ 23,634	$ 28,847	$ 26,499
Medical Supplies	$ -	$ -	$ -	$ -
Insurance	$ 6,283	$ 10,547	$ 9,047	$ 9,923
Training	$ -	$ -	$ -	$ -
Travel	$ -	$ -	$ -	$ -
Auto Expense	$ 871	$ 3,841	$ 3,648	$ 2,407
Repairs & Maintenance	$ 8,033	$ 28,127	$ 29,462	$ 22,834
Meals and Entertainment	$ -	$ -	$ -	$ -
Utilities	$ 5,466	$ 11,040	$ 9,323	$ 8,939
Telephone	$ 6,977	$ 13,547	$ 23,518	$ 27,611
Miscellaneous Expense	$ 1,623	$ 2,832	$ 4,265	$ 4,968
Total Operating Expenses	$ 702,417	$ 1,337,105	$ 1,304,771	$1,289,786
Total Annualized Operating Expenses	$ 1,404,834	$ 1,337,105	$ 1,304,771	$1,289,786
Net Income (Loss)	$ 165,903	$ 397,296	$ 394,680	$ 405,912
Annualized Net Income (Loss)	$ 331,806	$ 397,296	$ 394,680	$ 405,912

Amortization Table

Year	Loan Balance	Yearly Interest Paid	Yearly Principal Paid	Total Interest
2013	1,046,464.39	81,711.78	78,535.61	81,711.78
2014	961,831.86	75,614.86	84,632.53	157,326.64
2015	870,629.08	69,044.61	91,202.78	226,371.25
2016	772,346.00	61,964.30	98,283.08	288,335.56
2017	666,432.94	54,334.33	105,913.06	342,669.89
2018	552,297.58	46,112.03	114,135.36	388,781.92
2019	429,301.60	37,251.40	122,995.99	426,033.32
2020	296,757.11	27,702.90	132,544.48	453,736.22
2021	153,922.85	17,413.13	142,834.26	471,149.35
2022	0.00	6,324.54	153,922.85	477,473.89

REPORT SECTION 7

Tax Returns

REPORT SECTION 8
Recasting Adjustments

Recasting Adjustments	2012	2011	2010	2009
Starting Value of Net Income	$ 331,806	$ 397,296	$ 394,680	$ 405,912
Addback Building Maintenance	$ 4,457	$ 17,425	$ 17,508	$ 9,984
Addback Interest Expense	$ 1,425	$ 3,977	$ 4,160	$ 4,135
Addback All Dues, Donations & Contributions	$ 3,283	$ 7,217	$ 6,335	$ 6,024
Addback Depreciation Expense	$ -	$ 7,528	$ 19,449	$ 20,273
Addback Amortization Expense	$ -	$ -	$ -	$ -
Addback Travel	$ -	$ -	$ -	$ -
Addback Ent/Meals and Proportional CE Expense	$ 4,053	$ 2,716	$ 3,135	$ 6,588
Addback City Taxes	$ 3,193	$ 6,337	$ 6,226	$ 6,166
Addback Auto Expense	$ 871	$ 3,841	$ 3,648	$ 2,407
Subtract Market Adjustment For Rent	$ 18,000	$ 18,000	$ 18,000	$ 18,000
Subtract	$ -	$ -	$ -	$ -
Subtract	$ -	$ -	$ -	$ -
Net Recast Earnings	$ 331,089	$ 428,338	$ 437,140	$ 443,490

The information on this page reflects adjustments made to the income statement of the practice along with an explanation as to the reasoning for the adjustment. This adjustment was used in arriving at a "normalized" EBIT explained in section two of this report.

1. Materials 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
2. Accounting 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
3. Advertising 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
4. Auto 100%. Adjusted out due to the personal or discretionary nature of the expenditure.
5. Bank charges 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
6. Continuing Education Expense Dr. 0%. Adjusted to an amount required to comply with state requirements.
7. Contributions 100%. Adjusted out due to the personal or discretionary nature of the expenditure.
8. Depreciation 100%. This is a non-cash expenditure. The process of recasting attempts to normalize earnings to reflect the cash flow that the new owner could reasonably expect. Depreciation is reduced to zero in the normalization process and re-figured in the report.
9. Dues & Contributions 100%. Adjusted out due to the personal or discretionary nature of the expenditure.
10. Employee Benefits 0%. None listed otherwise it would have been adjusted out due to the personal or discretionary nature of the expenditure.

11. General Insurance 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
12. Interest Expense 100%. This expense is eliminated due to the fact that the practice will be transferred free and clear of debt.
13. Janitorial 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
14. Library and Subscriptions 0%. Adjusted out due to the personal or discretionary nature of the expenditure.
15. Meals & Entertainment 100%. Adjusted out due to the personal or discretionary nature of the expenditure.
16. Office Expenses 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
17. Rent   Adjusted to an amount normally expected to be incurred by a practice this size and as per market rates.
18. Gross Wages 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
19. Professional Wages 0%. Amounts paid to other professionals for office coverage has been eliminated since scheduling and coverage will be revised by new owners. This was done above the line rather than as an recasting.
20. Payroll Taxes/City Taxes Adjusted to an amount normally expected to be incurred by a practice this size.
21. Postage And Shipping 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
22. Promotion And Advertising 0%. None listed otherwise it would have been adjusted out due to the personal or discretionary nature of the expenditure
23. Retirement Expense 100%. Adjusted to an amount normally expected to be incurred by a practice this size.
24. Repairs And Maintenance 100%. Adjusted for amount spent by tenant and not Landlord associated costs.
25. Telephone 0%. Adjusted to an amount normally expected to be incurred by a practice this size.
26. Travel 100%. Adjusted out due to the personal or discretionary nature of the expenditure.

REPORT SECTION 9
Property and Equipment

REPORT SECTION 10
Patient Statistics and Demographics
Summary Comments

General Practice Information

The following information regarding the practice was provided by Dr. Public. This information has not been compiled, reviewed or audited by Practice Resource Management, Inc. or its agents.

No information provded.