



Practice Sales • Appraisals • Consulting
www.PracticeConsultants.com

Dear Doctor,

Thank you for asking us to appraise your practice. Please provide all of the requested information so we may calculate an accurate fair market value. Although the list is comprehensive, many factors weigh into the evaluation and we need to know a great deal about the business.

Generally, all of the information we receive from you will be kept confidential. However, if you are listing your practice for sale through our firm, we will need to disclose much of the information to potential buyers after they have signed our Confidentiality Agreement.

When sending your information, regular mail is fine or, if you prefer, you may send it overnight, but please **do not make it Signature Required**. If a signature is required and I'm not here, it's a real hassle to get it. Thanks.

Please call, fax, or email me when you mail it so I know to look for your package.

I look forward to working with you.

Sincerely,

A blue ink handwritten signature, appearing to read 'Gary W. Ware', with a long horizontal flourish extending to the left.

Gary W. Ware, President
gary@PracticeConsultants.com

Information Checklist for Practice Appraisal

All of this information is used to determine a realistic market value for your practice. There may be additional information requested after we start the analysis. PLEASE SEND US COPIES THAT YOU DO NOT NEED BACK; we scan and shred most of the paperwork we receive.

- ___ Brief history and commentary about practice. Include hours of operation and doctor hours.
- ___ Reason for the appraisal (anticipated sale, estate planning, pending partnership change, natural disaster claim, divorce, periodic balance sheet confirmation, etc.).
- ___ Most current year-to-date financial statements (Profit-and-Loss Statement and Balance Sheet).
- ___ Year-end financial statements (Profit-and-Loss Statement and Balance Sheet) for past three years.
- ___ Federal (not state) tax returns for last three years for practice only (entire corporate or partnership return, or Schedule C of personal return). BE SURE TO INCLUDE ALL SCHEDULES, "STATEMENTS" AND "NOTES" PAGES THAT ARE REFERENCED ON YOUR SCHEDULE C. Do not send us your entire personal tax return.
- ___ Articles of Incorporation or Partnership Agreement, Bylaws, Buy-Sell Agreement, etc.
- ___ Copy of lease or rent schedule; we do not need your entire lease.
- ___ List of Equipment, Furniture and Fixtures* with estimate of current fair market values. Requires an outside equipment company appraisal for clinical equipment. We prefer that you type a list, using our form (see page 9) as a guide, but you may complete our form NEATLY by hand.
- ___ List of significant items that are personal property and would not be part of a transaction if business were to be sold, such as hand instruments, an antique desk, or artwork. Such items are not practice assets.
- ___ List of Leasehold Improvements* if less than 8 years old, including dates and costs.
- ___ List of equipment leases, including monthly payments and remaining term of each lease.
- ___ Completed information on all pages following this checklist page.
- ___ Value of any real estate to be included or any other practice assets.
- ___ Very short evaluation of the economics of the community, specifically the stability and growth prospects of the community.
- ___ Digital photographs (CD or DVD, or via email) or video (VHS or DVD) of exterior and interior of office. Include sufficient images for us to see the practice setting (outside) and each area of the practice (inside) in enough detail to recognize such traits as frame style layout. It may take 20 pictures or 3 minutes of video.
- ___ Your check or money order for the appropriate fee; payment indicates that you have read and accept the provisions stated in the last page of this packet.
- ___ Send everything to Practice Consultants; **do not send it Signature Required.**
- ___ Call or email Practice Consultants so we know to expect the package.

* Fixtures are items that you could take with you if you were to move your practice to another location; free standing display cases would be an example. Leasehold Improvements stay with the building, such as built-in cabinets, carpeting, and built-in partitions or walls.

PRACTICE CONSULTANTS

Information for Practice Appraisal (in addition to those items requested on Page 2.)

Please list EVERY doctor in your practice and designate each as OD, MD, etc.

<u>Name</u>	<u>Average # of Hours/Week*</u>	<u>Percent Ownership</u>	<u>If Not Owner... **</u>
_____	_____	100 50 33 0 Other _____	_____
_____	_____	50 33 0 Other _____	_____
_____	_____	33 0 Other _____	_____
_____	_____	0 Other _____	_____

* If hours worked have changed in recent years, please explain on separate sheet.
 ** Enter "EE" if this doctor is an employee; enter "IC" if this doctor is an Independent Contractor; enter "IDO" if this doctor is an Independent Doctor of Optometry. (IDO might be the case, as an example, in an optical shop with an "independent doctor of optometry" providing clinical services.)

Is any revenue generated by activities OTHER THAN the normal operation of the practice? If so, what is it and how much for each year of the past three years? For example, if you receive \$10,000 per year in lecture fees, and that is included on your financial statements or tax return as revenue, we need to know about it.

If there are any doctors working in the practice who are not owners, where is their compensation shown on your financial statements and tax returns (it's often either included in Wages, or in Outside Services), and how much is it for each year of the past three years?

Except for malpractice liability insurance, do any Insurance expenditures represent coverages for doctors only, such as owner health, life, or disability insurance? If so, explain and show how much is it for each year of the past three years.

PRACTICE CONSULTANTS

Information for Practice Appraisal – Continued

Approximately how many OWNED frames do you have in inventory, including all sellable styles and sunglasses? _____

Your cost of your current **owned, sellable** ophthalmic inventory (frames, CL's, lens blanks if you have a lab, etc.; not equipment or supplies). Exclude consignment frames, discontinued frames, expired contact lenses, diagnostic trial lenses and other unsellable items. _____

Approximately how many frames of all styles does the practice dispense in a year? _____

Is anyone NOT working for the practice but getting paid by the practice, such as a spouse or child? If yes, explain on another sheet. Yes No

Is any family member working for the practice and getting paid? If yes, explain on another sheet, including how much he/she is getting paid and if the amount is close to fair market wage for the job. Yes No

Is anyone (such as a family member) working for the practice and NOT getting paid? If yes, explain on another sheet, including how much he/she would be paid at the fair market wage for the job. Yes No

To the nearest **tenth**, how many full-time-equivalent, working staff members are there, including those that aren't paid? _____

Please list each significant third party and the percentage of revenue (not percentage of patients that have this plan) each provides to the practice.

_____ %

_____ %

_____ %

All Other Third Parties _____ %

Private Pay _____ %

TOTAL **100%**

PRACTICE CONSULTANTS

Information for Practice Appraisal – Continued

Approximately how many active (3 years) patient records do you have? _____

How many patients (exams) are seen by your practice in a year? _____

How many working lanes/exam rooms do you have? _____

What percentage of your revenue is from your optical/dispensary? _____

What is the approximate total of your Accounts Receivable? _____

Of the above Accounts Receivable figure, how much of it is more than 90 days outstanding? _____

In square feet, how large is the practice? _____

Do you have an on-site lab? Yes No

Approximately how much time remains on your current lease, including all options? _____

What is your current monthly rent amount including CAM/NNN charges, etc.? _____

How long have you owned this practice? _____

How long has the practice existed? _____

How long has the practice been at this location? _____

Many practice owners take deductions as business expenses of some items that could be interpreted as personal expenses, such as sporting event tickets, travel, personal health and life insurance, automobile expenses, personal computer, etc. On a separate sheet, please list the kinds of personal expenses that you deduct on the business tax return, and provide an estimated dollar amount for each kind of expense. Also tell us where on the tax returns these amounts are included. (You should be able to document these items and amounts if you are planning to sell your practice.)

PRACTICE CONSULTANTS

ADDENDUM for practices being listed for sale by Practice Consultants.

If this appraisal is NOT for a planned sale, you may skip this page and go on to Page 8.

- Make a list showing every current employee (even if not paid, such as a spouse) and independent contractor. We do not need names, just initials. The list must include this information:
 1. Employee's Initials (just so we can keep track of individuals)
 2. Job Title or Description
 3. Hours/Week
 4. Wage Rate
 5. Years of Service With This Practice

- If any doctor listed on Page 3 is an IDO, is that IDO aware that your business is for sale? Yes No (Skip the next paragraph.)

If the answer to the previous question is Yes, is that IDO selling her/his business along with yours? Either way, please talk with us NOW about how this would work.

Yes No

- What percentage of your patients in a typical month are NEW patients? _____ %
- What percentage of your patients speak a language other than English as their primary language? _____ %

What is the most common non-English language for these patients? _____

- Before a transaction is completed, the buyer will thoroughly investigate your business. It's best to tell us now if there is anything, in any aspect of the business, that might seem to a buyer to have been misrepresented or might be a surprise later. Please explain on a separate sheet. For example...
 - Anticipated major construction or other business interruption in your area.
 - Recent or pending legal action.
 - Landlord - tenant issues.
 - Anticipated departure of key employee.
 - Dramatic change in revenue or expenses in a recent month or months, or anticipation of such a change.

Instructions for Completing the “List of Tangible Assets” Form

Please TYPE this list or print it CLEARLY. You don't need to use our form; you may provide your own list using our form as a guide. We may submit this list to potential buyers and lenders, so we want it to look good! Please use SEPARATE SHEETS for (1) clinic equipment, and (2) furnishings & fixtures. Do not include personal items, office supplies, office items worth less than \$500, etc.

Quantity

You may have more than one of some items (waiting room chairs, for example) that all have the same value. If left blank, we will assume “1.”

Description

Include model numbers for clinical equipment, but serial numbers are not required. For furniture and fixtures, just enough information is necessary so that we know what item you're talking about.

Age

Nearest whole year is fine.

Condition

Simple words are good: near new, medium, well worn, etc. If a piece of equipment is not working properly, list it and designate its value as zero.

I/O

Designate each FMV as either your own Internal (I) estimate or an estimate provided by an Outside (O) source such as a vendor.

Total Cost

This was your original cost for all of the quantity that you are listing for this line.

Total FMV

This is an estimate of the Fair Market Value, not what you still owe on it or what your balance sheet shows. This should be the reasonable amount for which a buyer could purchase this used item, in its current condition, from someone else.

You must have an outside equipment company appraise your clinical equipment.

For items other than clinical equipment, if you are uncomfortable estimating the values, you may complete all columns up to Total FMV, and we will estimate a total market value for them.

Your clinical equipment must be professionally appraised. You may contact any vendor that sells used equipment. Usually all you need to do is fax them a list with each item, including model number, age, and condition; they will fax back to you (or directly to me) the values of the listed items. If you prefer, you may give me your list and I will have the equipment evaluation performed by Ophthalmic Instruments; they will bill me and I will bill you the same amount. The fee for this service varies by the amount of equipment you have, but typically runs \$200-400.

List of Tangible Assets

Practice Name _____

Date _____

Reference	Quantity	Description Including Equipment Model Numbers	Age	Condition	I or O	Total Cost	Total FMV
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
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