

**Banister Financial, Inc.**  
**Sample Information Needs for Business Valuation of Medical Practice**



**For Questions Regarding this List Contact:**  
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**Note: Please provide information in PDF format (not password protected). We have a secure server to which this information can be uploaded easily from your computer (information encrypted during transmission to our server) and is easier and more secure than by email. Please email the names and email addresses of parties who will have access to submitting or retrieving information from the server and we will establish password protected accounts for them.**

**Medical Practice (“Practice”):**

**Valuation Date (Value as of):**

1. Last five years of annual detailed Practice financial statements up to the valuation date, including balance sheets, income statements, statement of cash flows, accompanying accountants’ notes to statements.
2. Last five years annual Practice federal income tax returns.
3. Latest year-to-date financial statements, including detailed balance sheet and income statements, up to the valuation date, and for same year-to-date period of prior year.
4. List of subsidiaries (parent or affiliates) if any, along with relevant financial statements for the last seven fiscal years, and current interim and year-to-date financial statements up to the valuation date.
5. Detailed equipment list and depreciation schedule, on or just prior to the valuation date.
6. Current detailed accounts receivable aging.
7. Provide the following revenue productivity data for each practice physician and physician extender (physician assistants, nurse practitioners) employed by the Practice over each of the last three fiscal years leading up to the valuation date:
  - Annual charges per physician/physician extender.
  - Annual collections per physician/physician extender.
8. Details of any physician compensation formulas and how each physician's total compensation was calculated for each of the last five fiscal years leading up to the valuation date.
9. The following information for each Practice physician employed for the last five fiscal years leading up to the valuation date:
  - Compensation paid each physician for each of the last five fiscal years. Copies of W2s, 1099s.

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- All benefits and personal expenses paid.
10. Annual Practice charges, collections by payor and payor type (private pay, third party insurance, HMOs, PPOs, Medicare & Medicaid) for the most recent fiscal year leading up to the valuation date.
  11. What is the total number of active patient charts per physician as of the valuation date? Define what you consider to be active (e.g., patients seen in the last three years, five years, etc.).
  12. Copies of existing contracts and any amendments thereto (as of and up to the valuation date) including but not limited to:
    - Employment agreements.
    - Covenants-not-to-compete.
    - Managed care contracts.
    - Preferred provider/health maintenance organization contracts.
    - Hospital contracts.
    - Exclusive arrangements with hospitals, insurance companies, hmos, ppos.
    - Buy-sell agreements and shareholders agreements.
    - Stock redemption agreements. Options, warrants, rights of first refusal.
    - Revenue or cost sharing agreements.
    - Compensation formula agreements.
    - Equipment, real property lease agreements.
    - Maintenance agreements.
    - Licensing or franchise agreements.
    - Billing or medical practice management arrangements or agreements.
    - Consulting contracts with third party practice consultants of any kind.
  13. Copies of any patents, trademarks, or copyrights.
  14. Ownership as of valuation date.
  15. List of non-physician employees as of the valuation date, with the following information:
    - Start date with practice.
    - Position.
    - Annual compensation, benefits.
  16. Schedule of any life insurance in force as of the valuation date. Life insurance breakdown should include the following for any officers, shareholders and employees as of the valuation date:
    - Face amount of policy.
    - Ownership of policy.
    - Beneficiary.
    - Cash value, if any.
    - Annual premiums paid by Practice for each of the last 5 fiscal years up to the valuation date.
  17. Copies of articles of incorporation, bylaws, any amendments to either, and corporate minutes. If the Practice is a partnership, please provide copies of the partnership agreement, and any revisions or

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amendments. If LLC, please provide articles of organization, operating agreement and any amendments.

18. Copies of any documents affecting the ownership rights of the interest being valued, such as shareholder or buy-sell agreements, options or warrants.
19. Resumes of all Practice physicians as of the valuation date, with information such as:
  - Undergraduate and medical degrees.
  - Internship/Residency training.
  - Additional training.
  - Board certifications.
  - Honors, awards, designations.
  - Positions held in Practice.
  - Positions on staff at local or regional hospitals.
  - Positions in local or state medical or other professional societies.
  - Hospitals where the physician has privileges.
  - Approved gatekeeper arrangements for health maintenance organizations and insurance companies.
  - Professional society memberships.
  - History of prior practice affiliations and employment.
  - Age.
  - Start date with the Practice.
  - Any employment arrangements other than with the Practice at the valuation date.
20. Provide details on any physicians or physician extenders who are currently being recruited to join the Practice or are under contract to start.
21. Details on any physician or physician extender mental or physical health problems of any kind that might impair the ability to practice now or in the immediate future.
22. Malpractice issues:
  - Details on any pending or threatened litigation of any kind, including but not limited to malpractice which might impact the Practice or any Practice physician.
  - Details on any past litigation or malpractice claims. Provide copies of any settlement agreements.
  - Details on future claims or liabilities to which the physician or the Practice might become liable, even if not threatened or pending at the current time.
  - The amount of malpractice insurance maintained per physician. Provide information regarding any intent by malpractice carriers to cancel coverage.
23. Details on related-party transactions of any kind, such as the leasing of facilities or equipment from a practice physician or physician-controlled entity.
24. Will any of the Practice's managed care arrangements be terminated for any reason?
25. Copies of any appraisals of practice assets that are available.
26. Any contingent or off-balance sheet assets or liabilities (pending or threatened lawsuits, regulatory compliance problems or requirements, product liability, hazardous or other environmental waste,

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guarantees of outside obligations or liabilities of any kind, ERISA or similar liabilities). Status of any current or past IRS audits. Information on any payroll, sales or other tax liens, including a payment status of all of these items. Any judgments or filings of record.

27. Detailed information on prior transactions in the stock or assets of the Practice in the last 10 ten years, including the terms, purchase price, security, any written contracts, and other consideration paid. Copies of any valuations obtained.
28. Details on any discussions currently or at any time in the past, even if preliminary in nature, regarding any possible purchase or sale of any shares or assets of the Practice. This includes but is not limited to hospitals, insurance companies, health maintenance organizations, other medical practices, physicians or other parties or entities of any kind for any reason whatsoever. Provide copies of any notes or written correspondence relating to these discussions.
29. Copy of existing notes payable or receivable, bank loans, and security agreements. Amounts of any lines of credit available to the Practice at the valuation date by bank, including the total amounts available, the amounts outstanding, security, and guarantees required.
30. Copies of any consulting studies of any kind prepared for the Practice or its physicians for any reasons.
31. Details on any affiliated entities (e.g., labs, lithotripsy partnerships, imaging centers, and other health care and related entities) in which the Practice or its physicians have ownership interests. Provide five years of detailed annual financial statements and Federal tax returns of these entities.
32. Provide information on factors (actual, pending, anticipated, possible) of any kind which could serve to impact the Practice's financial or operating condition, reputation, or value materially in any way.
33. Status of Practice with respect to any conversion to electronic medical records and impact on reimbursement rates from payors.