

**Business Valuation of Orthodontic Practice:
Initial Information Needs List
(Needs to be Made Specific to Unique Issues of Actual Entity)**



**For Questions Regarding this List Contact:
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Practice:

Valuation Date (Value as of):

1. Practice detailed annual financial statements for each of the last five fiscal years up to the valuation date, including balance sheets, income statements, statement of cash flows, any accompanying accountant notes to statements.
2. Practice Federal income tax returns for the last five fiscal years up to the valuation date (including all supporting schedules and attachments, and any amendments).
3. Practice detailed year-to-date financial statements to the valuation date, including detailed balance sheet and income statements, and for the same year-to-date period for the prior year.
4. Detailed equipment list and depreciation schedule of assets owned as of the valuation date.
5. Detailed accounts receivable aging as of the valuation date.
6. Provide the following annual revenue (gross charges, collections, receivables) information for each orthodontist, assistant employed by the Practice for each of the five fiscal years to the valuation date, and year-to-date to the valuation date.
7. Total charges and collections by payor (individual, insurance, Medicaid, etc.) for the most recent fiscal year up to or prior to the valuation date and year to date to the valuation date.
8. Fee schedule by payor allowed, as of valuation date.
9. Annual compensation for each orthodontist, shareholder and officer and their spouses or other family members for each of the last five fiscal years to the valuation date. Copies of W2s, 1099s for each for those same years. Provide any compensation formulas and how compensation calculated in each year.
10. Copies of existing contracts and any amendments thereto, including but not limited to:
 - employment agreements, covenants-not-to-compete
 - prepaid dental plans
 - loan agreements
 - employee benefits plans
 - revenue or cost sharing agreements
 - compensation formula agreements
 - equipment or real property leases

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- premises leases
 - billing or practice management arrangements or agreements
 - consulting contracts with third party practice consultants of any kind
 - all other contracts and agreements of any kind impacting the Practice and/or its employees, officers or shareholders
11. Copies of any patents, trademarks, or copyrights as of the valuation date.
12. Ownership as of valuation date.
13. List of non-physician employees as of the valuation date, with the following information:
- Start date with Practice
 - Position
 - Annual compensation
14. Schedule of any life insurance in force as of the valuation date, including:
- face amount of policy
 - ownership of policy
 - beneficiary
 - cash value, if any
 - annual premiums
15. Copies of articles of incorporation, bylaws, any amendments to either, and corporate minutes. Copies of any buy-sell, shareholder agreements. If an LLC, provide articles of organization, operating agreement, any amendments.
16. Provide a detailed resume on all Practice orthodontists as of the valuation date, plus the following:
- Any employment arrangements other than with the Practice at the valuation date.
 - Any mental or physical health problems of any kind that might impair the ability to practice now or the immediate future.
 - Details on any pending or threatened litigation of any kind, including but not limited to malpractice which might impact the Practice or any Practice dentist.
 - Details on any past litigation or malpractice claims.
 - Details on future claims or liabilities to which the dentist or the Practice might become liable, even if not threatened or pending at the current time.
 - The amount of malpractice insurance maintained per provider. Provide information regarding any intent by malpractice carriers to cancel coverage.
17. Details on related party transactions of any kind (e.g., rental of real estate or equipment from an officer, shareholder, employee or family member, etc.)
18. Copies of any existing indicators of asset values, including latest property tax assessments (include copies of county tax bills for Practice real and personal property owned as of the valuation date, or bills as of property as of January 1 preceding the valuation date) and any appraisals that have been prepared including real and personal property appraisals.

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19. Copy of an appraisal, as of the valuation date, of any real property owned by the Practice and or owned by related parties and leased to the Practice. Copy of any valuation or appraisal of Practice shares or assets that has ever been prepared.
20. Any contingent or off-balance sheet assets or liabilities of any kind of the Practice whatsoever as of the valuation date, such as (but not limited to):
 - Pending or threatened lawsuits or malpractice claims
 - Regulatory compliance requirements
 - Warranty or other product liability
 - Hazardous waste or other environmental
 - ERISA claims or problems
 - OSHA problems
 - Letter of credit liabilities
 - Liens or judgments of any kind
 - Guarantees by the Practice of any obligations
 - IRS liens, payroll, sales or other tax liens- payment status of all of these items
 - Any off balance-sheet assets or liabilities not showing on the balance sheet of the Practice as of the valuation date
 - Exposure on self-insurance programs and degree to which reinsurance partially or fully covers the anticipated liability
 - Status of any current or past IRS audits
 - Any judgments of record, or pending judgments
21. Detailed information on any buy-ins into ownership, including copies of the purchase agreements and all related contracts.
22. Details on any discussions currently or at any time in the past, regarding any possible purchase or sale of any shares, interest or assets of the Practice, any buy-in arrangements, etc. Provide copies of any notes or written correspondence relating to these discussions.
23. Information on:
 - Any recent, pending or possible future addition or loss of patients, etc., which might materially impact the practice.
 - The recent loss of key employees that might harm the business, whether through a loss of revenues, result in the establishment of a competing practice, or any other material impact on the business.
 - Pending or possible acquisitions or purchases of other practices or assets, etc.
 - Pending or possible opening or closing of Practice locations.
 - Any factor of any kind that might have a material impact, positively or negatively, on the Practice's financial or operating performance, or value.
24. Please provide a list of all assets and liabilities that are not used in the day-to-day business as of the valuation date. For example, non-operating assets might include marketable securities, cash value of life insurance, investment or excess real estate, assets held for sale or for personal use, cars for personal use or by family members, etc.
25. Information on any personal, non-business related expenses paid by the Practice.

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26. Practice total case starts by year, each of the last five fiscal years up to the valuation date, year-to-date total case starts to the valuation date and for the same period of the prior year-to-date period, total existing cases as of the valuation date.