

**Figure 9-1**

**PURCHASE MATRIX**

**45% OWNER COMPENSATION BEFORE ACQUISITION**

CALCULATIONS ARE ANNUALIZED

PURCHASE PRICE (A)	INTEREST RATE (B)	PRACTICE REVENUES (C)	45% COMPENSATION (D)	ANNUAL INTEREST PAYMENT (E)	ANNUAL PRINCIPAL PAYMENT (F)	TOTAL (E) & (F)	SALARY, LESS DEBT REPAYMENT, EQUAL CASH FLOW (G)	CASH FLOW DIVIDED BY PURCHASE PRICE (H)	COMPENSATION RANGE 22-28% (I)
\$190,000	9.00%	\$310,000	139500	15821	31507	47328	92172	0.297329	OK
\$220,000	9.00%	\$310,000	139500	18320	36482	54802	84698	0.273219	OK
\$240,000	9.00%	\$310,000	139500	19985	39799	59784	79716	0.257148	OK
\$190,000	8.50%	\$310,000	139500	14928	31850	46778	92722	0.299103	OK
\$220,000	8.50%	\$310,000	139500	17285	36878	54163	85337	0.275281	OK
\$240,000	8.50%	\$310,000	39500	18856	40231	59087	80413	0.259397	OK
\$190,000	11.00%	\$310,000	139500	19409	30163	49572	89928	0.29009	OK
\$220,000	11.00%	\$310,000	139500	22474	34926	57400	82100	0.264839	OK
\$240,000	11.00%	\$310,000	139500	24517	38181	62698	76802	0.247748	OK
\$250,000	9.00%	\$310,000	139500	20818	40457	61275	78225	0.252339	OK
\$260,000	9.00%	\$310,000	139500	21650	43116	64766	74734	0.241077	OK
\$270,000	9.00%	\$310,000	139500	22483	44774	67257	72243	0.233042	OK

**FACTORS TO CONSIDER:**

- (A) PURCHASE PRICE CAN BE A VARIABLE
- (B) INTEREST FACTOR CAN BE A VARIABLE
- (C) PRACTICE REVENUES ASSUMED CONSTANT
- (D) IF DENTIST/SPECIALIST IS RECEIVING 45% OF GROSS REVENUES (BEFORE DEBT REPAYMENT [G]) AS COMPENSATION, ACQUISITION SHOULD PROCEED
- (E) INTEREST AMOUNT
- (F) PRINCIPAL AMOUNT
- (G) PURCHASER CASH FLOW
- (H) PERCENTAGE OF AVAILABLE CASH FLOW TO PURCHASE PRICE
- (I) ASSUMES PURCHASER COMPENSATION SHOULD RANGE FROM 22-28% OF GROSS REVENUES TO PROVIDE FOR LIVING EXPENSES AND TAXES

**Figure 9-1**

**PURCHASE MATRIX**

**40% OWNER COMPENSATION BEFORE ACQUISITION**

CALCULATIONS ARE ANNUALIZED

PURCHASE PRICE	INTEREST RATE	PRACTICE REVENUES	40% COMPENSATION	ANNUAL INTEREST PAYMENT	ANNUAL PRINCIPAL PAYMENT	TOTAL	SALARY, LESS DEBT REPAYMENT, EQUAL CASH FLOW	CASH FLOW DIVIDED BY PURCHASE PRICE	COMPENSATION RANGE 22-28%
(A)	(B)	(C)	(D)	(E)	(F)	(E) & (F)	(G)	(H)	(I)
\$190,000	9.00%	\$310,000	124000	15821	31507	47328	76672	0.247329	OK
\$220,000	9.00%	\$310,000	124000	18320	36482	54802	69198	0.223219	OK
\$240,000	9.00%	\$310,000	124000	19985	39799	59784	64216	0.207148	OUTSIDE
\$190,000	8.50%	\$310,000	124000	14928	31850	46778	77222	0.249103	OK
\$220,000	8.50%	\$310,000	124000	17285	36878	54163	69837	0.225281	OK
\$240,000	8.50%	\$310,000	124000	18856	40231	59087	64913	0.209397	OUTSIDE
\$190,000	11.00%	\$310,000	124000	19409	30163	49572	74428	0.24009	OK
\$220,000	11.00%	\$310,000	124000	22474	34926	57400	66600	0.214839	OUTSIDE
\$240,000	11.00%	\$310,000	124000	24517	38181	62698	61302	0.197748	OUTSIDE
\$250,000	9.00%	\$310,000	124000	20818	40457	61275	62725	0.202339	OUTSIDE
\$260,000	9.00%	\$310,000	124000	21650	43116	64766	59234	0.191077	OUTSIDE
\$270,000	9.00%	\$310,000	124000	22483	44774	67257	56743	0.183042	OUTSIDE

**FACTORS TO CONSIDER:**

- (A) PURCHASE PRICE CAN BE A VARIABLE
- (B) INTEREST FACTOR CAN BE A VARIABLE
- (C) PRACTICE REVENUES ASSUMED CONSTANT
- (D) IF DENTIST/SPECIALIST IS RECEIVING 40% OF GROSS REVENUES (BEFORE DEBT REPAYMENT [G]) AS COMPENSATION, ACQUISITION MAY PROCEED DEPENDING UPON VARIABLES
- (E) INTEREST AMOUNT
- (F) PRINCIPAL AMOUNT
- (G) PURCHASER CASH FLOW
- (H) PERCENTAGE OF AVAILABLE CASH FLOW TO PURCHASE PRICE
- (I) ASSUMES PURCHASER COMPENSATION SHOULD RANGE FROM 22-28% OF GROSS REVENUES TO PROVIDE FOR LIVING EXPENSES AND TAXES

**Figure 9-1**

**PURCHASE MATRIX**

**35% OWNER COMPENSATION BEFORE ACQUISITION**

CALCULATIONS ARE ANNUALIZED

PURCHASE PRICE	INTEREST RATE	PRACTICE REVENUES	35% COMPENSATION	ANNUAL INTEREST PAYMENT	ANNUAL PRINCIPAL PAYMENT	TOTAL	SALARY, LESS DEBT REPAYMENT, EQUAL CASH FLOW	CASH FLOW DIVIDED BY PURCHASE PRICE	COMPENSATION RANGE 22-28%
(A)	(B)	(C)	(D)	(E)	(F)	(E) & (F)	(G)	(H)	(I)
\$190,000	9.00%	\$310,000	108500	15821	31507	47328	61172	0.197329	OUTSIDE
\$220,000	9.00%	\$310,000	108500	18320	36482	54802	53698	0.173219	OUTSIDE
\$240,000	9.00%	\$310,000	108500	19985	39799	59784	48716	0.157148	OUTSIDE
\$190,000	8.50%	\$310,000	108500	14928	31850	46778	61722	0.199103	OUTSIDE
\$220,000	8.50%	\$310,000	108500	17285	36878	54163	54337	0.175281	OUTSIDE
\$240,000	8.50%	\$310,000	108500	18856	40231	59087	49413	0.159397	OUTSIDE
\$190,000	11.00%	\$310,000	108500	19409	30163	49572	58928	0.19009	OUTSIDE
\$220,000	11.00%	\$310,000	108500	22474	34926	57400	51100	0.164839	OUTSIDE
\$240,000	11.00%	\$310,000	108500	24517	38181	62698	45802	0.147748	OUTSIDE
\$250,000	9.00%	\$310,000	108500	20818	40457	61275	47225	0.152339	OUTSIDE
\$260,000	9.00%	\$310,000	108500	21650	43116	64766	43734	0.141077	OUTSIDE
\$270,000	9.00%	\$310,000	108500	22483	44774	67257	41243	0.133042	OUTSIDE

**FACTORS TO CONSIDER:**

- (A) PURCHASE PRICE CAN BE A VARIABLE
- (B) INTEREST FACTOR CAN BE A VARIABLE
- (C) PRACTICE REVENUES ASSUMED CONSTANT
- (D) IF DENTIST/SPECIALIST IS NOT RECEIVING 40% OF GROSS REVENUES (BEFORE DEBT REPAYMENT [G]) AS COMPENSATION, NO ACQUISITION, UNLESS PURCHASE PRICE REDUCED
- (E) INTEREST AMOUNT
- (F) PRINCIPAL AMOUNT
- (G) PURCHASER CASH FLOW
- (H) PERCENTAGE OF AVAILABLE CASH FLOW TO PURCHASE PRICE
- (I) ASSUMES PURCHASER COMPENSATION SHOULD RANGE FROM 22-28% OF GROSS REVENUES TO PROVIDE FOR LIVING EXPENSES AND TAXES