

PROFORMA INCOME STATEMENT

Practice #I-9171

| 2007 Schedule C Tax Returns | Year End 2007 | Adjustments | Proforma |
|---|----------------|-----------------|----------------|
| Gross Receipts | 221,154 | | 221,154 |
| Net Receipts | 221,154 | 0 | 221,154 |
| Cost of Goods Sold: Materials & Supplies ¹ | 26,955 | (13,600) | 13,355 |
| Cost of Goods Sold: Other Costs ² | 43,675 | (19,300) | 24,375 |
| Advertising | 3,937 | | 3,937 |
| Car & Truck Expenses ³ | 1,462 | (1,462) | - |
| Depreciation ⁴ | 4,373 | (1,373) | 3,000 |
| Insurance ⁵ | 14,820 | (12,714) | 2,106 |
| Legal & Professional Services | 695 | | 695 |
| Office Expense | 4,323 | | 4,323 |
| Repairs & Maintenance | 1,125 | | 1,125 |
| Taxes & Licenses | 2,903 | | 2,903 |
| Utilities | 5,831 | | 5,831 |
| Wages | 42,171 | | 42,171 |
| Management Fees ⁶ | 2,491 | | 2,491 |
| Payroll Taxes | 3,917 | | 3,917 |
| Uniforms & Laundry Service | 644 | | 644 |
| Rent ⁷ | 0 | 18,000 | 18,000 |
| TOTAL EXPENSES | 159,322 | | |
| TOTAL ADJUSTMENTS | | (30,449) | |
| TOTAL ADJUSTED EXPENSES | | | 128,873 |
| NET PROFIT | 61,832 | 30,449 | 92,281 |
| ADJUSTED NET PROFIT | | | 92,281 |

Notes:

- 1.) Cost of Goods Sold: Materials & Supplies: The adjusted amount shows an estimated projection for this expense.
- 2.) Cost of Good Sold: Other Costs: The adjusted amount shows an estimated projection for this expense.
- 3.) Truck & Car Expenses: Considered of personal benefit to Owner/Doctor.
- 4.) Depreciation: To depreciate an asset represents a tax advantage for the purchaser and is not an operating expense of the practice. An adjustment for depreciation is made, leaving a fund for replacement of any hard assets/equipment.
- 5.) Insurance: : The IRS allows the owner of a practice to deduct some personal insurance cost through the practice, an amount was adjusted to reflect the personal portion of the owners insurance costs.
- 6.) Management Fee: Continued expense if Buyer purchases the condo.
- 7.) Rent: If Buyer decides not to purchase Condo, the amount is a projection of anticipated rent to be paid by the Buyer based on fair market rental for the area in which the office is located including association fees. (750sf at \$2.00/sf = \$1,500/mo)

****Above data has not been audited by Western Practice Sales/John M. Cahill Associates. It is the Buyer's responsibility to verify if information is true and correct.**