



ADS Florida BuyLine

OPPORTUNITIES FOR DENTAL PRACTICE BUYERS & ASSOCIATES

AUGUST 2012

IN THIS ISSUE



Taxing Question:
2013 Impact?



Prepare For The Worst.
(It Does Happen)



Q&A



Practice Purchase
Opportunities

ADS Florida
Congratulates

John Quirk, DDS
to Mark McClendon, DDS
Arcadia

David Maddy, DDS
to Nishith Patel, DDS
Bradenton

Thomas McRae, DDS to
Matthew Nawrocki, DMD, MS
Orange Park

Income Tax Uncertainty Continues

What's The Impact on Dental Practice Tax Planning?



So, it's another presidential election year. The rhetoric is filling the airwaves, and the subjects most discussed are deficit and taxes. The Democrats want to let part of the Bush tax cuts expire and return to a 39% tax rate for earnings over \$250,000. The Republicans want to extend the Bush tax cuts for everyone. Most economists acknowledge that spending is too high, but cutting spending alone will not reduce the deficit, suggesting that some additional tax dollars must be raised.

If you are planning on buying a practice in the near future, you should be aware of the impact any changes in the tax law may have on sellers, how such changes might affect your future income, and what tax planning measures you may have going forward.

If the Bush tax cuts expire certain actions could be taken this year to mitigate the additional taxes many dentists might owe. If your income for 2013 is expected to be above \$250,000, you will be paying the old tax rate of 39% on all income over the \$250,000 threshold. Discussing your options with a Certified Financial Planner or CPA could save you significant additional taxes. What else can you do?

Section 179 Depreciation

Section 179 of the IRS Code provides a rapid depreciation of \$125,000 (on equipment purchases in 2012). This provision will be discontinued if the Bush tax cuts expire, and will revert to a five or seven year depreciation schedule in 2013. Also, if you did not take advantage of the Section 179 depreciation schedule in 2011 (which allowed for \$250,000 of depreciation for equipment purchased in that year), you could amend your 2011 return to take advantage of that rapid depreciation and perhaps reduce your taxable income for that year. If you are considering significant capital equipment purchases, you may want to take advantage of the Section 179 rapid depreciation this year.

Cost Segregation Depreciation

Anyone having built or remodeled an office since 1997 could qualify for accelerated depreciation for certain building costs. In *HCA v IRS*, the court ruled that certain leasehold improvements specifically related to your profession could be depreciated over 5-7 years (instead of the normal 39½ years). Qualified leasehold improvements for a dental office would include plumbing (including nitrous or oxygen), special electrical or computer wiring into treatment rooms, special structural support (reinforced for lighting and radiography), tile flooring, lead shielding, etc. To qualify for this tax provision, a "Cost Segregation Study" must be made by a qualified person or firm, itemizing the specific costs to be depreciated.

These are just a couple of the options you may have available to keep your tax bill in check. We are not offering tax advice, but merely pointing out some of the areas where tax savings might be realized. We highly recommend contacting your accountant and/or your financial planner to discuss all of the available options for maximizing your personal and professional financial positioning—before the end of 2012.

Why Prepare for the Worst?

It DOES Happen.

By Phil LoGrippe, DMD
ADS Florida



Buying and getting established in a new practice will naturally take most of a dentist's time and energy initially. But even those who are just starting out should not delay planning for unexpected events that can derail the best-laid plans.

Although for many dentists, the road to retirement will be mostly a straight run with some predictability, some of us will face sudden twists and curves from unexpected events for which we are ill-prepared. With little or no warning, we may be left unable to practice our chosen profession. Physical illness, accidents, and emotional disabilities are among the most common events that render a dentist unable to practice. In the most tragic situations, premature or sudden death occurs.

For most dentists, your practice is either one of your most valuable assets or it is THE most valuable. "Expecting the unexpected" can make the difference between financial survival and financial ruin for the dentist and his or her family when disability or death strikes. This is most pronounced in the case of death. Although every dentist needs to be prepared for the unexpected at every stage of their practice life, many of us are not. Now is the time to act, when you seem to have the least need but the most ability to prepare. Unfortunately, it is human nature to be complacent when all is well in our lives, so dentists and their families continue to suffer unnecessary financial ruin following disability or death.

One Dentist's Experience

Sometimes disability sneaks up on you rapidly. In my situation, degenerative spinal pathology progressed rapidly to create permanent motor function damage, precipitating an almost immediate need to cease practice. When it became urgent, I was able to transition expediently, as my comprehensive practice information was already on file with ADS Florida. This facilitated a match of my practice with an appropriate buyer almost immediately. In this case, the buyer had also been proactive while waiting for the ideal opportunity to arise, having bank financing pre-approval and updated contact information with ADS Florida. The practice retained its value and the proceeds of that sale have been invaluable for my family and me. The practice continues to remain strong and profitable for the buyer, and I had the additional peace of mind knowing that the patients had no interruption of care.

You can choose to be proactive and "expect the unexpected" in several ways. First and foremost, if you haven't already done so, align yourself with a competent dental transition specialist. Having a true and accurate appraisal for your practice is not only an integral part of your financial and retirement planning, but will be invaluable in case you become impaired, disabled, or deceased. ADS Florida can provide a true appraisal for your practice, and this appraisal should be updated annually.

Forget About It, Until You Need It

You can carry this one step further with ADS Florida's Death and Disability Program. The Death and Disability Program is a product we have developed to protect doctors and their families from facing problems that we see far too often when planning has not occurred. As the value of your practice is largely a function of your goodwill, the drastic decrease of that goodwill after a tragedy can force a major, rapid reduction in value that could have been prevented if planning allowed prompt actions to be taken.

The documentation for the program encompasses what we need to establish an opinion of value (letter appraisal). Once completed, this will provide you a current snapshot of your practice value and will function as the basis of a future transition. This document will be reviewed annually and updated with the most current information available to keep the practice value up-to-date. The program includes consultation time, as well as essential information including checklists and documents for you have on hand, describing the steps for you or your family to take in the case of your disability or death.

Standards for Appraisals

A critical consideration in this process is the transition specialist's ability to perform an appraisal. According to Hy Smith, author of *Dental Practice Transactions Handbook*, the government has established standards that should be met when an appraisal is performed. These standards are known as the Uniform Standards of Professional Appraisal Practice (USPAP) and must be adhered to during the appraisal process to assure that relevant facts and information have been analyzed and interpreted properly. In his book, Hy goes on to explain that in addition to USPAP, the Institute of Business Appraisers (IBA) and the American Society of Appraisers (ASA) have universally accepted and required standards that the appraiser be knowledgeable in the area of the appraisal. Therefore, it is essential that the appraiser have specific dental practice experience, as do each of the transition specialists at ADS Florida.

Unfortunately, most of "the unexpected" is not preventable. Therefore, now is when you should be proactively taking the steps necessary to minimize financial losses in the case of disability or death. One of my colleagues at ADS Florida, who instantly went from being a fully-functioning practitioner to being unable to practice again as a result of injuring his hands during a skiing accident, has summed it up best. The closing sentence of an article he recently co-authored states, "Remember, serendipity is not a plan. Prepare now." I believe this most accurately summarizes the need to expect the unexpected.

General and Specialty Practice Purchase Opportunities

NORTH FLORIDA

Contact: Paul Rang, DMD, JD

Pensacola	3 ops FFS/PPO Dig X-ray & Pano RE Avail	Gross Reduced	Buyer Net* to \$225K
-----------	---	---------------	----------------------

Specialty Practices

NE Florida	Pediatric 7ops Real Estate Available	\$1.25M	\$485K
NE Florida	Ortho - multiple locations 3 days/wk	Ask	\$135K
NW Florida	Endo 3 ops Dig X-ray microscopes	\$648K	\$330K
NW Florida	Perio 5 ops FFS/PPO Dig X-ray	Ask	\$475K

Practice Ready Facilities

Jacksonville	2,200 sq ft 4 ops, Dig X-ray
--------------	------------------------------

Associateships

General Practice - Jacksonville Fernandina Beach

SOUTHEAST FLORIDA

Contact: Stuart M. Auerbach, DDS

Clewiston	4 ops FFS/PPO/Med	Gross UNDER CONTRACT	Buyer Net* SOLD
Coral Springs	5 ops FFS PPO Dig X-ray and Pan	Ask	\$225K
Ft. Lauderdale	2+1 ops FFS	Ask	\$165K
Ft. Lauderdale	3 ops PPO/FFS	UNDER CONTRACT	
Miami Gardens	3 ops PPO HMO	UNDER CONTRACT	
Tamarac	5 ops FFS/PPO Publix Shopping Ctr	Ask	\$225K

Practice Ready Facilities

Port St. Lucie	2+2op Equip, CPUs, Dig X-ray, Near Hospital	Ask	\$200K
Pompano Beach	1800 sq ft Building 6 ops plumbed large lab	Ask	\$350K

Associateships

Boca Raton General Practice Associate

WEST FLORIDA

Contact: Greg Auerbach, MBA

Bradenton	4 ops FFS Nearly Paperless	Gross SOLD	Buyer Net* SOLD
Bradenton	5 ops FFS Dig X-ray, Cerec & Laser	\$625K	\$196K
Bradenton	5+1ops FFS/PPO	\$815K	\$273K

Specialty Practices

Sarasota/Bradenton	Endo 5ops DXray, Zeiss 5 Stage	UNDER CONTRACT	
West Florida	Pediatric Goodwill/Chart Merger	\$210K	

SOUTHWEST FLORIDA

Contact: Greg Auerbach, MBA or Philip LoGrippe, DMD

Naples	4+1ops FFS/PPO Dig X-ray, Pan	Gross \$750K	Buyer Net* \$273K
--------	-------------------------------	--------------	-------------------

CENTRAL FLORIDA

Contact: Paul Rang, DMD, JD

Cocoa Beach	4 ops FFS/PPO 3 days/wk	Gross \$374K	Buyer Net* \$112K
Daytona Beach	4 ops FFS/PPO Dig X-ray + Pano	\$950K	\$414K
Levy County	7 ops 3 days/wk	\$362K	\$145K
Ocala	5 ops FFS Dig X-ray + Pano	\$825K	\$294K
Orlando	5 ops FFS Dig X-ray Cerec	\$1.12M	\$311K
Orlando	4 ops FFS Dig X-ray Gross \$365K	Ask	\$260K
Winter Garden	3 ops FFS	\$263K	
Winter Park	5 ops FFS	\$787K	\$198K

Specialty Practices

Central FL	Prosth 5 ops FFS Pano	\$798K	\$235K
Central FL	Endo 5 ops	\$587K	\$312K
Central FL	Pedo 5 ops Pano-Ceph	\$503K	\$143K
Central FL	Pedo 5 ops, Pano, Dig X-ray	\$1.27M	\$492K

Practice Ready Facilities

Ormond Beach	2,000 sq ft Condo, 5 ops, specialty prac.	Ask	\$307K
--------------	---	-----	--------

Associateships

General Practice Palm Coast



For the most recently updated listings visit listings.ADSflorida.com

*Buyer net includes the debt service on 100% financing of the asking price.

Q&A

Q: What is Dual Representation, and why doesn't ADS Florida dual represent?

A: Dual Representation is the practice of representing both the seller and purchaser in a brokered transaction. In the State of Florida, this practice is **illegal**. ADS Florida has never represented both sides in a transaction as we, like the State, feel that it is a conflict of interest.

What Our Clients Say

" I contacted Stuart Auerbach during the summer of 2010 to begin an early process of looking for a specific practice. Stuart was fantastic with locating the practice, educating me about it, and assisting me with the transition prior to and after closing. I could not have done this without him and he is the only dental transition specialist I would consult in the future. I cannot say enough good things. "

- Daniel M. Casel, DMD

Meet the ADS Florida Team



Hy Smith, MBA
(239) 262-3077
hy@ADSflorida.com



Southeast Florida
Stuart M. Auerbach, DDS
(954) 431-3624
stuart@ADSflorida.com



North / Central Florida
Paul Rang, DMD, JD
(407) 671-2998
paul@ADSflorida.com



West / Southwest Florida
Greg Auerbach, MBA
(941) 746-7959
greg@ADSflorida.com



Naples / Fort Myers
Phil LoGrippe, DMD
(239) 682-4339
phil@ADSflorida.com

CONNECTED



- Lending Sources
- Legal Counsel
- Accounting Advisors
- Technology Consultants

ADS Florida's specialized network includes relationships with the leaders in the dental transition industry including:



Bank of America
 ADS Preferred Lender
 855.536.5797
Matt Adrian



Practice Transitions Made Perfect™

Licensed Real Estate Broker
 Exclusive Florida Broker for ADS

699 Vanderbilt Beach Road,
 Suite 200
 Naples, Florida 34108

Visit our website at:
 ADSflorida.com

Two Proven Experts. Your Future.

Strategies for a Successful Transition
 Sell or Partner? Understanding the Economics of Your Exit Options

October 26th & 27th | Chicago
 For details call 866.818.1037

Don't Miss This Seminar.





Roger K. Hill, MSA
 President
 Roger K. Hill & Co., Inc.



H.M. (Hy) Smith, MBA
 Managing Partner
 ADS Florida

Tax Changes: Will They Have an Impact on Your Future?
The Worst That Could Happen? You Might Be Surprised. But Don't Be.
Q&A: Dual Representation? It's a Conflict of Interest!
Location, Location, Location. Listings from All Around Florida.

Inside This Issue