



DENTAL PRACTICE OVERHEAD SURVEY

2015 Data Compiled in 2016



SOMERSET
CPAs AND ADVISORS

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December 2016

Dear Clients and Friends:

We are pleased to provide you with our comparison of Indiana dental practice operating expenses. The following pages compare data for the years 2014 and 2015 from amongst our clients throughout central Indiana. The information is presented according to practice type—General Dentistry, Endodontics, Oral and Maxillofacial Surgery, Orthodontics and Pediatric Dentistry. We anticipate that you will find this survey useful in your practice planning and analysis. We welcome your questions and comments.

If you are not familiar with Somerset, we are an Indianapolis-based accounting, tax and advisory team of forward-thinking, proactive experts with over 50 years in the business with a team specifically dedicated to the dental industry. Our dental industry professionals are committed to helping your dental practice succeed, by working with you to create customized business and financial goals that meet your needs. We specialize in buying and selling of practices, valuation services, buy-ins of associates and compensation, as well as tax planning and preparation.

Please contact either of us at 317-472-2200 or 800-469-7206 if you would like to discuss the specifics of your practice.

Sincerely,

SOMERSET CPAs, P.C.



Stephen D. Shoemaker, CPA



Jay R. Horn, CPA

General Dentistry

Operating Expenses	2014	2015
Office salaries	27.30%	25.35%
Payroll taxes	3.34%	2.97%
Property taxes	0.40%	0.38%
Rent	6.28%	6.54%
Dental supplies	6.75%	8.23%
Laboratory expenses	5.62%	5.84%
Laundry and uniform allowances	0.24%	0.21%
Office supplies	1.34%	1.47%
Postage	0.19%	0.17%
Telephone	0.61%	0.49%
Dues and subscriptions	0.27%	0.36%
Insurance	1.15%	1.31%
Employee medical	0.47%	0.21%
Repairs and maintenance	0.76%	0.82%
Bank charges	0.94%	1.06%
Payroll service fee	0.12%	0.17%
Licenses and fees	0.05%	0.05%
Meetings/education	0.68%	0.89%
Amortization	0.45%	0.49%
Depreciation	2.60%	3.59%
Professional fees	1.65%	1.64%
Profit sharing plan expense	2.20%	2.19%
Miscellaneous	0.19%	0.19%
Equipment rental	0.07%	0.07%
Utilities	0.70%	0.86%
Collection expense	0.01%	0.01%
Promotion	0.98%	1.33%
Employee benefit programs	0.85%	0.98%
Business gifts	0.07%	0.06%
Contributions	0.28%	0.11%
Travel and entertainment	0.51%	1.06 %
Auto expense	0.52%	0.55%
Outside services	0.50%	0.64%
Total Operating Expenses as a Percentage of Professional Fees	68.09%	70.29%

Endodontics

Operating Expenses	2014	2015
Office salaries	15.38%	17.11%
Payroll taxes	2.54%	2.72%
Property taxes	0.20%	0.20%
Rent	5.65%	4.76%
Dental supplies	8.57%	8.87%
Laboratory expenses	0.00%	0.02%
Laundry and uniform allowances	0.14%	0.13%
Office supplies	0.75%	0.97%
Postage	0.17%	0.17%
Telephone	0.47%	0.44%
Dues and subscriptions	0.37%	0.24%
Insurance	2.48%	1.68%
Employee medical	0.58%	0.51%
Repairs and maintenance	0.36%	0.41%
Bank charges	0.98%	0.92%
Payroll service fee	0.13%	0.14%
Licenses and fees	0.03%	0.03%
Meetings/education	0.12%	0.16%
Amortization	0.14%	0.21%
Depreciation	1.72%	2.00%
Professional fees	1.35%	1.06%
Profit sharing plan expense	3.45%	2.98%
Miscellaneous	0.34%	0.14%
Equipment rental	0.11%	0.11%
Utilities	0.31%	0.34%
Collection expense	0.02%	0.04%
Promotion	1.08%	1.34%
Contributions	0.06%	0.04%
Travel and entertainment	0.37%	0.21%
Auto expense	0.46%	0.32%
Outside services	1.61%	1.50%
Total Operating Expenses as a Percentage of Professional Fees	49.93%	49.77%

Oral and Maxillofacial Surgery

Operating Expenses	2014	2015
Office salaries	20.34%	21.13%
Payroll taxes	2.51%	2.49%
Property taxes	0.17%	0.13%
Rent	4.94%	4.74%
Dental supplies	9.55%	9.46%
Laboratory expenses	0.02%	0.01%
Laundry and uniform allowances	0.11%	0.11%
Office supplies	0.81%	0.92%
Postage	0.22%	0.23%
Telephone	0.94%	0.72%
Dues and subscriptions	0.33%	0.36%
Insurance	3.60%	3.21%
Employee medical	0.00%	0.00%
Repairs and maintenance	0.94%	0.84%
Bank charges	1.09%	1.15%
Payroll service fee	0.08%	0.10%
Licenses and fees	0.10%	0.07%
Meetings/education	0.12%	0.07%
Depreciation	1.41%	1.75%
Professional fees	0.86%	0.91%
Profit sharing plan expense	3.03%	2.24%
Miscellaneous	0.03%	0.02%
Equipment rental	0.01%	0.00%
Utilities	0.31%	0.27%
Collection expense	0.20%	0.16%
Promotion	0.00%	0.01%
Employee benefit programs	1.06%	0.37%
Business gifts	0.00%	0.02%
Contributions	0.06%	0.02%
Travel and entertainment	0.48%	0.49%
Auto expense	0.03%	0.04%
Outside services	0.83%	0.69%
Advertising	0.65%	0.60%
Total Operating Expenses as a Percentage of Professional Fees	54.83%	53.33%

Orthodontics

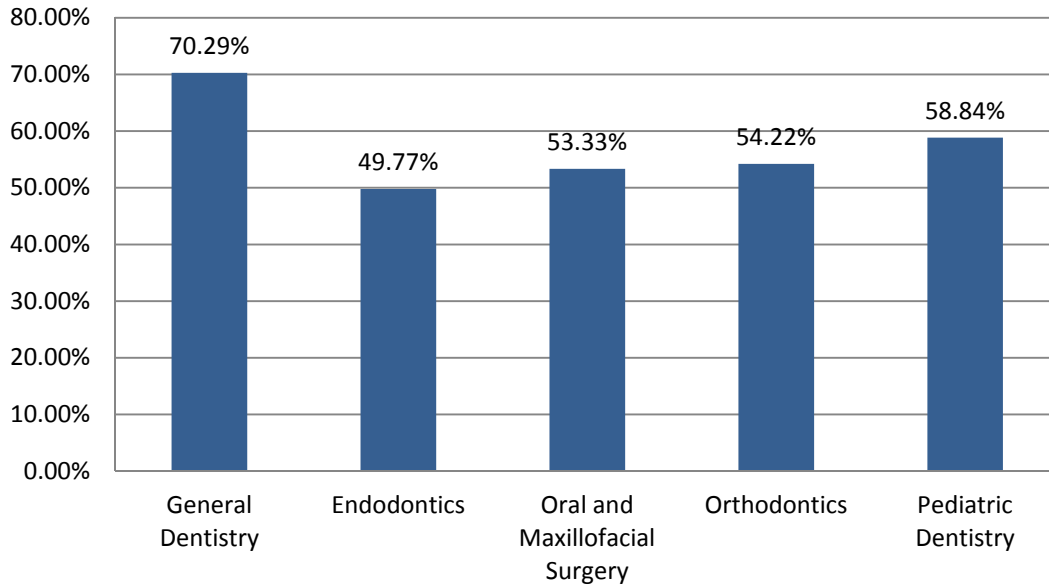
Operating Expenses	2014	2015
Office salaries	18.25%	19.13%
Payroll taxes	2.51%	2.42%
Property taxes	0.80%	0.72%
Rent	6.11%	5.88%
Dental supplies	8.78%	9.26%
Laboratory expenses	1.81%	2.06%
Laundry and uniform allowances	0.23%	0.12%
Office supplies	3.18%	2.59%
Postage	0.11%	0.12%
Telephone	0.28%	0.30%
Dues and subscriptions	0.42%	0.37%
Insurance	0.92%	0.77%
Employee medical	0.15%	0.10%
Repairs and maintenance	0.97%	0.86%
Bank charges	0.64%	0.85%
Payroll service fee	0.11%	0.12%
Licenses and fees	0.08%	0.06%
Meetings/education	0.38%	0.15%
Amortization	0.38%	0.35%
Depreciation	2.79%	1.50%
Professional fees	0.99%	0.81%
Profit sharing plan expense	1.64%	1.41%
Miscellaneous	0.11%	0.15%
Equipment rental	0.00%	0.00%
Utilities	1.00%	0.85%
Collection expense	0.00%	0.00%
Promotion	0.07%	0.07%
Employee benefit programs	0.32%	0.24%
Business gifts	0.17%	0.15%
Contributions	0.07%	0.03%
Travel and entertainment	1.23%	0.64%
Auto expense	0.13%	0.13%
Outside services	0.00%	0.00%
Advertising	2.24%	2.01%
Total Operating Expenses as a Percentage of Professional Fees	56.87%	54.22%

Pediatric Dentistry

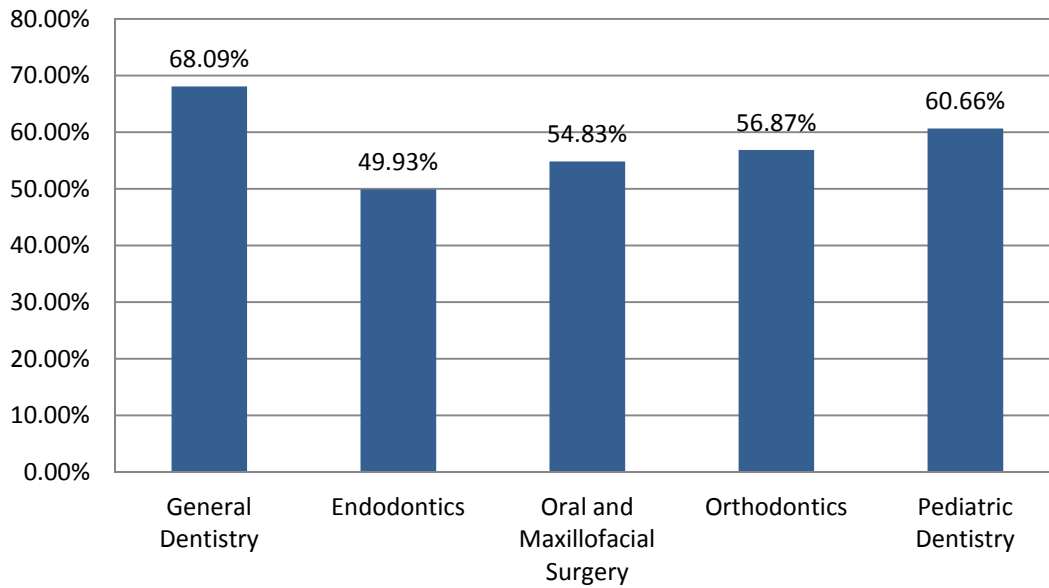
Operating Expenses	2014	2015
Office salaries	29.93%	27.95%
Payroll taxes	2.05%	2.16%
Property taxes	0.09%	0.16%
Rent	6.30%	5.63%
Dental supplies	9.05%	10.29%
Laboratory expenses	0.91%	0.69%
Laundry and uniform allowances	0.32%	0.20%
Office supplies	1.70%	1.83%
Postage	0.12%	0.06%
Telephone	0.48%	0.48%
Dues and subscriptions	0.36%	0.30%
Insurance	0.39%	0.37%
Employee medical	0.00%	0.05%
Repairs and maintenance	0.49%	0.40%
Bank charges	0.27%	0.28%
Payroll service fee	0.00%	0.00%
Licenses and fees	0.01%	0.00%
Meetings/education	0.83%	0.62%
Amortization	0.43%	0.38%
Depreciation	1.20%	1.64%
Professional fees	1.41%	1.31%
Profit sharing plan expense	0.44%	0.42%
Miscellaneous	0.08%	0.00%
Equipment rental	0.09%	0.34%
Utilities	0.24%	0.30%
Collection expense	0.06%	0.10%
Promotion	1.28%	0.95%
Employee benefit programs	0.11%	0.14%
Business gifts	0.01%	0.00%
Contributions	0.40%	0.24%
Travel and entertainment	0.63%	0.75%
Auto expense	0.02%	0.01%
Outside services	0.96%	0.79%
Total Operating Expenses as a Percentage of Professional Fees	60.66%	58.84%

Comparison By Practice Type

2015 Average Operating Expenses



2014 Average Operating Expenses



Somerset CPAs Dental Team

Find out how Somerset CPAs can help you look at your practice in a new way. Contact any of our Dental Team members today and request a complimentary initial consultation.

Stephen D. Shoemaker, CPA

Senior Manager

317-472-2205

sshoemaker@somersetcpas.com

Steve joined Somerset in 2008 and is a senior manager focusing on Dental and Tax services, where he provides accounting, taxation and consulting services to closely-held businesses and their owners. Previously, he gained industry experience as a controller for a professional services business as an accounting and tax manager for a local CPA firm. Steve is committed to assisting professional service business, business professionals and those in the farming industry.

An accomplished handyman, Steve fills his weekends with DIY projects—everything from replacing his car’s radiator to installing junction boxes in his attic.

EXPERTISE

Business and Individual Tax Preparation and Planning

Dental Industry

Farming Industry

EDUCATION

BS, Accounting and Finance, Indiana Wesleyan University

PROFESSIONAL AFFILIATIONS

Indiana CPA Society — Member

American Institute of CPAs — Member

COMMUNITY AFFILIATIONS

Northview Church — Sound Engineer

Somerset CPAs Dental Team (continued)

Jay R. Horn, CPA

Principal

317-472-2520

jhorn@somersetcpas.com

Jay is a principal in our Health Care group working with physician groups and dental offices. He has spent his entire career in public accounting providing accounting, taxation and consulting services to closely-held businesses and their owners. Raised in central Indiana, Jay enjoys reading, traveling and following his sons' athletic adventures.

EXPERTISE

Health Care

Health Care Real Estate

Physician/Dentist Compensation

Mergers and Acquisitions

Physician/Dentist Equity Buy-In and Buy-Out

Practice Start-Ups

Budgeting and Cash Flow Management

EDUCATION

BS, Business (Accounting Concentration), Indiana University

PROFESSIONAL AFFILIATIONS

Indiana CPA Society — Member

American Institute of CPAs — Member

COMMUNITY AFFILIATIONS

Dyslexic Institute of Indiana — Board of Directors

Family Promise of Hendricks County — Board of Directors

St. Luke Catholic Church — Athletic Committee and Coach

Somerset CPAs Dental Team (continued)

Andrew L. DePew, CPA

Principal

317-472-2153

adepew@somersetcpas.com

Since joining Somerset in 1995, Andy has worked primarily with physicians and dentists, assisting them with their tax planning, financial statements, cash flow analysis, development and review of income distribution methodologies and practice operations. When not working with clients, Andy splits his free time attending sporting events with his two sons, Colton and Dakota, in their favorite sports (lacrosse and soccer, respectively) where he also helped volunteer his time as treasurer.

EXPERTISE

Individual Tax Planning

Tax Return Preparation

Corporate Tax Planning

Partnership Tax Planning

EDUCATION

BS, Accounting, Ball State University

PROFESSIONAL AFFILIATIONS

Indiana CPA Society – Member

American Institute of CPAs – Member

The Indiana Medical Group Management Association – Member

The Medical Group Management Association – Member



SOMERSET CPAs AND ADVISORS

Dental Services

Our dental industry professionals are committed to helping your dental practice succeed by working with you to create customized business and financial goals. We work hand-in-hand with you and your staff to ensure your practice operates smoothly and efficiently, allowing you to focus on what's most important — your patients.

CONSULTING SERVICES

- Accounts receivable analysis and revenue cycle management
- Operations and internal control reviews
- Income distribution methodology design
- Group practice governance design and succession planning
- Overhead expense analysis
- Dental practice valuation
- Buy in/Buy out
- Practice sale/purchase

ADDITIONAL SERVICES

- Accounting
- Tax
- Technology Solutions
- Forensic accounting

Interested in contacting one of our dental experts? Visit us online at somersetcpas.com, or email us at info@somersetcpas.com.

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