



DENTAL PRACTICE OVERHEAD SURVEY



2018 Data Compiled in 2019



TABLE OF CONTENTS

Introduction Letter	1
General Dentistry	2
Endodontics	3
Oral and Maxillofacial Surgery	4
Orthodontics	5
Pediatric Dentistry	6
Comparison by Practice Type	7
Somerset CPAs Dental Team.....	8

December 2019

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 2016 and 2018 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 55 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	2016	2018
Office salaries	25.26%	25.01%
Payroll taxes	3.01%	3.05%
Property taxes	0.35%	0.33%
Rent	6.08%	5.80%
Dental supplies	8.81%	9.13%
Laboratory expenses	5.11%	5.25%
Laundry and uniform allowances	0.19%	0.21%
Office supplies	1.71%	2.19%
Postage	0.17%	0.15%
Telephone	0.50%	0.41%
Dues and subscriptions	0.34%	0.24%
Insurance	1.40%	1.46%
Employee medical	0.17%	0.03%
Repairs and maintenance	0.74%	0.71%
Bank charges	1.13%	1.15%
Payroll service fee	0.17%	0.16%
Licenses and fees	0.08%	0.04%
Meetings/education	1.16%	1.11%
Amortization	0.63%	0.66%
Depreciation	3.72%	2.73%
Professional fees	1.33%	1.25%
Profit sharing plan expense	2.02%	2.66%
Miscellaneous	0.22%	0.13%
Equipment rental	0.05%	0.04%
Utilities	0.81%	1.03%
Collection expense	0.02%	0.03%
Promotion	1.45%	1.53%
Employee benefit programs	1.16%	0.30%
Business gifts	0.07%	0.03%
Contributions	0.10%	0.24%
Travel and entertainment	0.79%	0.85%
Auto expense	0.32%	0.24%
Outside services	0.78%	0.75%
Total Operating Expenses as a Percentage of Professional Fees	69.85%	68.90%

ENDODONTICS

Operating Expenses	2016	2018
Office salaries	16.86%	15.40%
Payroll taxes	2.63%	2.53%
Property taxes	0.23%	0.20%
Rent	4.71%	4.47%
Dental supplies	7.89%	9.32%
Laboratory expenses	0.00%	0.00%
Laundry and uniform allowances	0.14%	0.09%
Office supplies	0.85%	0.90%
Postage	0.14%	0.12%
Telephone	0.43%	0.37%
Dues and subscriptions	0.32%	0.24%
Insurance	1.65%	1.33%
Employee medical	0.66%	0.70%
Repairs and maintenance	0.39%	0.46%
Bank charges	1.00%	1.04%
Payroll service fee	0.16%	0.19%
Licenses and fees	0.04%	0.02%
Meetings/education	0.24%	0.13%
Amortization	0.25%	0.11%
Depreciation	2.56%	2.37%
Professional fees	1.21%	1.08%
Profit sharing plan expense	3.13%	3.36%
Miscellaneous	0.47%	0.71%
Equipment rental	0.07%	0.07%
Utilities	0.39%	0.35%
Collection expense	0.02%	0.02%
Promotion	1.09%	0.97%
Contributions	0.04%	0.09%
Travel and entertainment	0.19%	0.15%
Auto expense	0.25%	0.24%
Outside services	1.54%	0.99%
Total Operating Expenses as a Percentage of Professional Fees	49.55%	48.02%

ORAL AND MAXILLOFACIAL SURGERY

Operating Expenses	2016	2018
Office salaries	19.98%	19.20%
Payroll taxes	2.38%	2.45%
Property taxes	0.15%	0.15%
Rent	4.60%	4.68%
Dental supplies	9.64%	9.74%
Laboratory expenses	0.00%	0.00%
Laundry and uniform allowances	0.09%	0.07%
Office supplies	0.88%	0.90%
Postage	0.22%	0.20%
Telephone	0.61%	0.75%
Dues and subscriptions	0.36%	0.33%
Insurance	3.12%	2.85%
Employee medical	0.00%	0.00%
Repairs and maintenance	0.88%	0.90%
Bank charges	1.21%	1.22%
Payroll service fee	0.09%	0.09%
Licenses and fees	0.08%	0.07%
Meetings/education	0.14%	0.04%
Depreciation	1.38%	0.69%
Professional fees	0.98%	0.90%
Profit sharing plan expense	2.27%	2.50%
Miscellaneous	0.03%	0.02%
Equipment rental	0.00%	0.00%
Utilities	0.28%	0.29%
Collection expense	0.22%	0.21%
Promotion	0.01%	0.00%
Employee benefit programs	0.26%	0.27%
Business gifts	0.01%	0.02%
Contributions	0.03%	0.04%
Travel and entertainment	0.55%	0.33%
Auto expense	0.02%	0.09%
Outside services	0.70%	0.82%
Advertising	0.57%	0.78%
Total Operating Expenses as a Percentage of Professional Fees	51.74%	50.60%

ORTHODONTICS

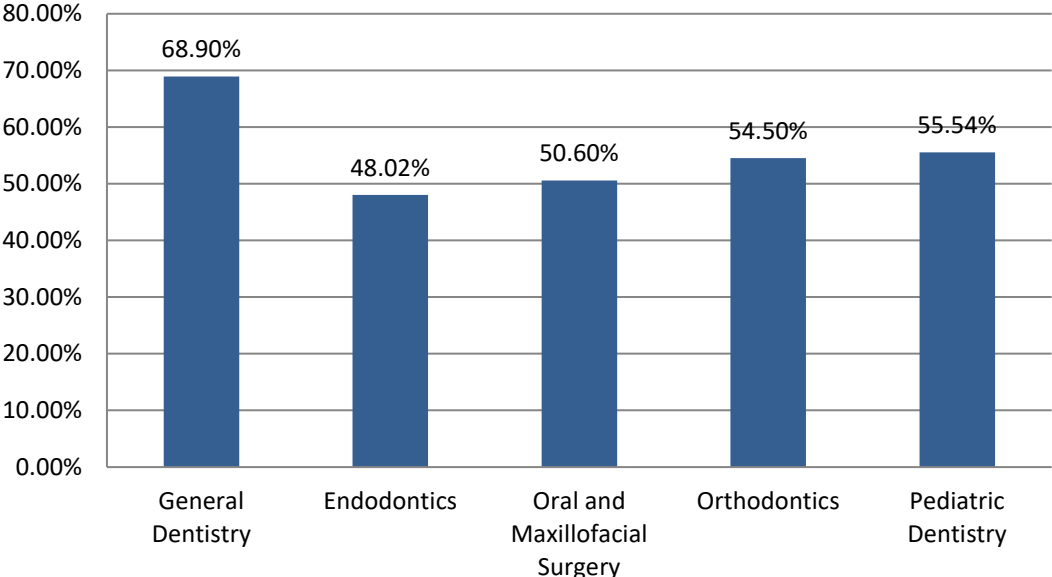
Operating Expenses	2016	2018
Office salaries	18.23%	18.37%
Payroll taxes	2.40%	2.28%
Property taxes	0.74%	0.66%
Rent	6.04%	5.44%
Dental supplies	10.42%	10.05%
Laboratory expenses	0.99%	1.77%
Laundry and uniform allowances	0.23%	0.27%
Office supplies	2.42%	2.19%
Postage	0.09%	0.10%
Telephone	0.31%	0.31%
Dues and subscriptions	0.39%	0.23%
Insurance	0.74%	0.72%
Employee medical	0.05%	0.00%
Repairs and maintenance	1.26%	1.21%
Bank charges	0.71%	0.73%
Payroll service fee	0.15%	0.18%
Licenses and fees	0.07%	0.11%
Meetings/education	0.36%	0.19%
Amortization	0.20%	0.13%
Depreciation	3.94%	3.04%
Professional fees	0.71%	0.59%
Profit sharing plan expense	1.88%	1.58%
Miscellaneous	0.06%	0.14%
Equipment rental	0.00%	0.05%
Utilities	0.88%	0.80%
Collection expense	0.00%	0.00%
Promotion	0.03%	0.02%
Employee benefit programs	0.20%	0.22%
Business gifts	0.14%	0.27%
Contributions	0.19%	0.12%
Travel and entertainment	0.79%	0.45%
Auto expense	0.03%	0.09%
Outside services	0.08%	0.12%
Advertising	2.02%	2.07%
Total Operating Expenses as a Percentage of Professional Fees	56.75%	54.50%

PEDIATRIC DENTISTRY

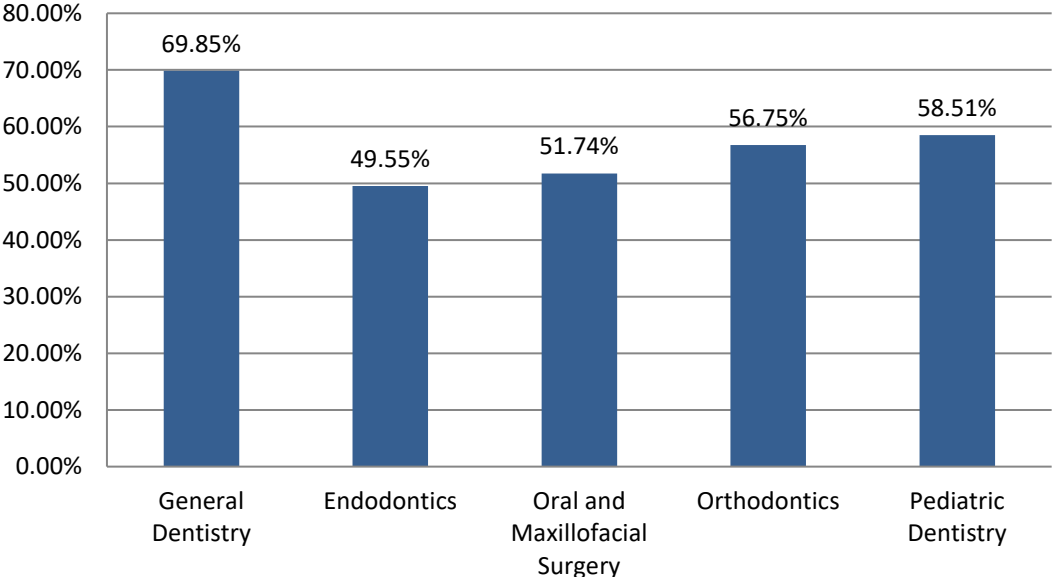
Operating Expenses	2016	2018
Office salaries	26.12%	26.34%
Payroll taxes	2.00%	2.11%
Property taxes	0.13%	0.09%
Rent	5.00%	4.34%
Dental supplies	8.92%	9.38%
Laboratory expenses	0.87%	0.81%
Laundry and uniform allowances	0.43%	0.06%
Office supplies	2.06%	1.61%
Postage	0.05%	0.04%
Telephone	0.44%	0.10%
Dues and subscriptions	0.30%	0.72%
Insurance	0.34%	0.24%
Employee medical	0.05%	0.00%
Repairs and maintenance	0.35%	0.36%
Bank charges	0.33%	0.48%
Payroll service fee	0.00%	0.00%
Licenses and fees	0.00%	0.01%
Meetings/education	0.63%	0.71%
Amortization	0.35%	0.45%
Depreciation	4.53%	0.94%
Professional fees	1.40%	1.08%
Profit sharing plan expense	0.38%	0.59%
Miscellaneous	0.01%	0.03%
Equipment rental	0.13%	0.00%
Utilities	0.29%	0.46%
Collection expense	0.08%	0.08%
Promotion	0.98%	1.73%
Employee benefit programs	0.16%	0.46%
Business gifts	0.00%	0.03%
Contributions	0.45%	0.18%
Travel and entertainment	0.59%	0.68%
Auto expense	0.01%	0.08%
Outside services	1.13%	1.35%
Total Operating Expenses as a Percentage of Professional Fees	58.51%	55.54%

COMPARISON BY PRACTICE TYPE

2018 Average Operating Expenses



2016 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
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Steve joined Somerset in 2008 and is a Senior Manager focusing on Dental and Tax services, where he provides accounting, tax and consulting services to closely-held businesses and their owners. Previously, he gained industry experience as a controller for a professional services business and as an accounting and tax manager for a local CPA firm. Steve is committed to assisting professional service businesses, business professionals and those in the dental 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 Planning and Preparation
Dental Industry Accounting and Consulting
Dental Practice Sales/Purchases
Farm Industry Accounting and Consulting

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
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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

St. Luke Catholic Church — Athletic Committee and Coach

SOMERSET CPAS DENTAL TEAM (CONTINUED)



Andrew L. DePew, CPA
Principal
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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

We give you plenty of reasons to smile. 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 work hand in hand with you and your staff to ensure that your practice operates smoothly and efficiently, allowing you to focus on what's most important—your patients.

CONSULTING

- 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

