

Vermont Open MRI Assumptions (South Burlington, VT)

Revenue Assumptions	Most Likely	Year 1	Year 2	Year 3	Year 4	Year 5	Steady State
Scan Volume		2,100	2,205	2,315	2,431	2,500	2,500
Gross Charges	799	799	799	799	799	799	799
Contractual Adjustments & Bad Debt	35%	-280	-280	-280	-280	-280	-280
Reimbursement Decline (Compounded)	1%		-4	-8	-12	-16	-20
Net Realized Revenue Per Scan		519	515	511	507	503	499
Net Realized Revenue Per Year		1,246,440	1,288,388	1,329,536	1,369,886	1,384,268	1,373,281
Personnel	Per Employee	Year 1	Year 2	Year 3	Year 4	Year 5	Steady State
Manager/Marketer	40,000	0		0		0	0
Technologist	80,000	1.5	2	2	2	2	2
Admin Asst	35,000	2	2	2	2	2	2
Total Salary		190,000	230,000	230,000	230,000	230,000	230,000
Benefits (% of Salary)	25%	47,500	57,500	57,500	57,500	57,500	57,500
Total Personnel Salary & Benefits		237,500	287,500	287,500	287,500	287,500	287,500
COGS	Per Scan	Year 1	Year 2	Year 3	Year 4	Year 5	Steady State
Radiology Fees	65	156,000	162,500	169,000	175,500	178,750	178,750
Film	0	0	0	0	0	0	0
Medical Supplies	15	36,000	37,500	39,000	40,500	41,250	41,250
General Cost Of Sales	4	9,600	10,000	10,400	10,800	11,000	11,000
Total COGS		201,600	210,000	218,400	226,800	231,000	231,000
Selling, General & Administrative	Most Likely	Year 1	Year 2	Year 3	Year 4	Year 5	Steady State
General Office Expense	12,000	12,000	12,240	12,485	12,734	12,989	13,249
Business Development Expense		0	0	0	0	0	0
Advertising & Marketing	24,000	24,000	24,480	24,970	25,469	25,978	26,498
Travel & Auto	12,000	12,000	12,240	12,485	12,734	12,989	13,249
Medical Director Fees	6,000	6,000	6,120	6,242	6,367	6,495	6,624
Professional Expense	3,000	3,000	3,060	3,121	3,184	3,247	3,312
Management Fees	3%	37,393	38,652	39,886	41,097	41,528	41,198
Billing Fees	3%	37,393	38,652	39,886	41,097	41,528	41,198
Rent Expense	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Utilities & Other Occupancy Expense	40,000	40,000	40,800	41,616	42,448	43,297	44,163
Telephone Expense	9,000	9,000	9,180	9,364	9,551	9,742	9,937
Computer Hardware/Software - Expense	24,000	24,000	24,480	24,970	25,469	25,978	26,498
Service, Repairs & Maintenance	99,000	0	99,000	99,000	99,000	99,000	99,000
Insurance, Taxes & Licenses	14,000	14,000	14,280	14,566	14,857	15,154	15,457
Equipment Rental Expense (Other Than Fina	2,520	2,520	2,520	2,520	2,520	2,520	0
Total SG&A		376,306	381,703	387,110	392,527	396,446	396,385
Other Factors	Year 1	Year 2	Year 3	Year 4	Year 5	Steady State	
Inflation Factor	2%	0%	2%	2%	2%	2%	2%
Capital Requirements	CASH	Description					
Open MRI Scanner	1,145,000	Hitachi Oasis					
Leasehold Improvements	350,000	Leaseholds, Electrical, Architectural, Rigging, Shielding					
Misc Equipment & Startup	0	Furniture, Phones, Office Equipment					
Total Financing (Including Tax)	1,495,000						
Sales Tax	0%						
Interest Rate (APR)	6%						
Term (Months)	84						
Finance Payments (Annual)		84 Month					
Working Capital Needs		83,408	Working Capital Investment-See 1st 24 Months Cash Basis Forecast				
		1	2	3	4	5	Steady State
Principal Payments		190,725	199,307	208,276	217,649	227,443	0
Interest		68,825	60,243	51,274	41,901	32,107	0
Total Payments		259,550	259,550	259,550	259,550	259,550	0
Depreciation		218,493	218,493	218,493	218,493	218,493	218,493
Key Simulation Variables	Most Likely	Accounts Receivable	Year 1	Year 2			
Month 1	200	Days Outstanding		35	40		
Month 2	190	Month 1		10%			
Month 3	210	Month 2		20%			
Month 4	190	Month 3		30%			
Month 5	200						
Month 6	210						
Month 7	190						
Month 8	210						
Month 9	210						
Month 10	210						
Month 11	190						
Month 12	190	Minority Interest		0%			
Year 1	2,400						
Months 13-18	1,250						
Months 19-24	1,250						
Year 2	2,500						
Year 3	2,600						
Year 4	2,700						
Year 5	2,750						
Steady State	2,750						