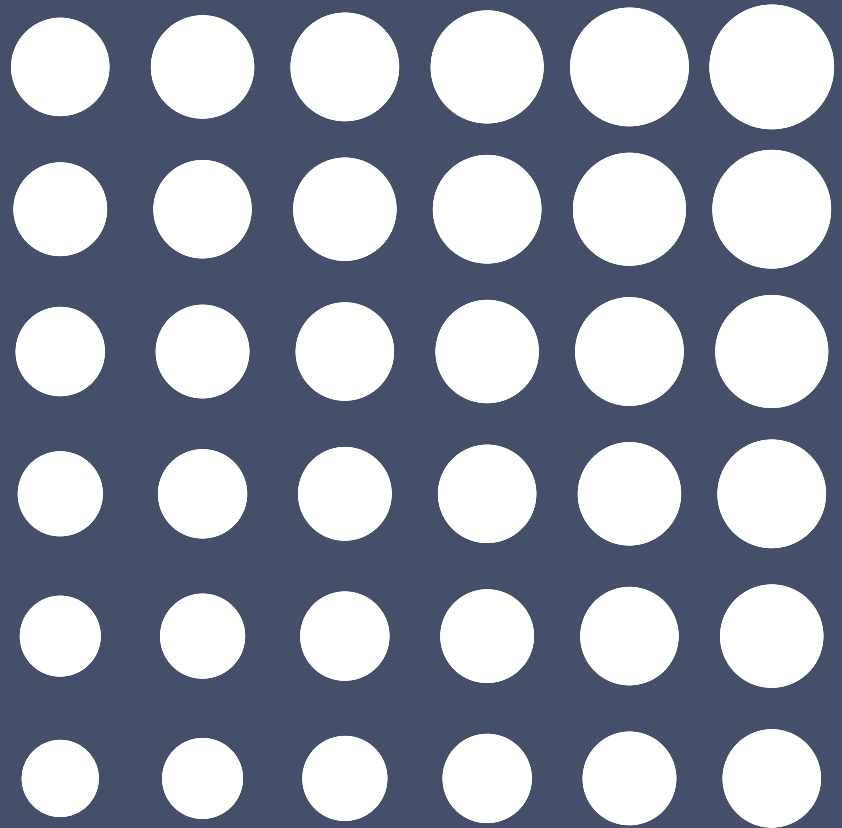


Orthodontic Practice Comparison Report



OVERVIEW

For more than 30 years, Cain Watters & Associates (CWA) has guided thousands of dentists and dental practices in the smart, effective management of their personal and business financial matters. Through the years we have gained tremendous knowledge about the factors, attitudes and disciplines that produce the financial outcomes you desire. Much of that understanding is derived from data that we are able to compile, analyze and translate into well-informed and highly-effective financial plans for our clients, and we believe sharing these valuable insights elevates our entire community of dentists.

Our annual CWA Orthodontic Practice Survey Report is a compilation of data associated with the areas of practice management that have the most bearing on the financial success or failure of orthodontic practices nationwide: production and collections, patient flow, fees for services and staffing. It includes key-area averages, medians and year-over-year percentages of change collected from CWA orthodontic clients segmented by annual revenues of greater than or less than \$1.5 million. Additionally, we extract valuable insights found in the data for you, so that you can easily understand what the important takeaways are for your practice.

Our clients use this report as a benchmarking tool, and to help direct their efforts and goals from year-to-year. There are likely others in your network that will also find this information helpful for defining their own business goals, we encourage you to share it with them.



YEAR 2014 KEY-CATEGORY AVERAGES

PRODUCTION	AVERAGE (\$)	PAYROLL	AVERAGE (\$)
Production	1,882,926	Lead Asst	21.79
Production per Provider	1,550,936	Assistant	17.88
Collections	1,830,913	Front Desk	17.24
Contracts Receivable	1,047,758	Office Manager	25.86
COLLECTIONS	AVERAGE % OF COLLECTIONS	Financial/Insurance Coord	20.91
Salaries	18.68	Marketing Coord	19.32
Marketing	3.57	Treatment Coord	21.82
Orthodontic Supplies	7.57	Lab Tech	18.98
Lab	3.65	Sterilization/Records Tech	13.45
Rent	6.37	Associate Dr. (Daily)	1,139
Net Income	44.79		

INSIGHT: On average, CWA orthodontic clients' production increased by 6% annually and collections increased by 8% annually from 2012 to 2014. Production in 2014 exceeded collections by 3 to 8 percent; projections for collections continue to trend up.

INSIGHT: In 2014, CWA orthodontic clients with larger practices saved almost 2% in staff salaries.

NEW PATIENTS	AVERAGE	FEES	AVERAGE (\$)
Total Starts	412	Phase I	2,873
Conversion Percentage	71	Phase II	4,764
Marketing Expense as % of Collections	3.6	Full Treatment	5,685
New Patient Acquisition Cost (\$)	108	Invisalign	5,995
		Average Down Payment	921

INSIGHT: The average CWA orthodontic client spent \$108 on marketing per new patient in 2014, and larger practices had two patients in recall for every three new patients coming in.

INSIGHT: Average full treatment fees increased by 4% from 2013, however, average staff salaries increased by 7% during the same time.

PRODUCTION AND COLLECTIONS

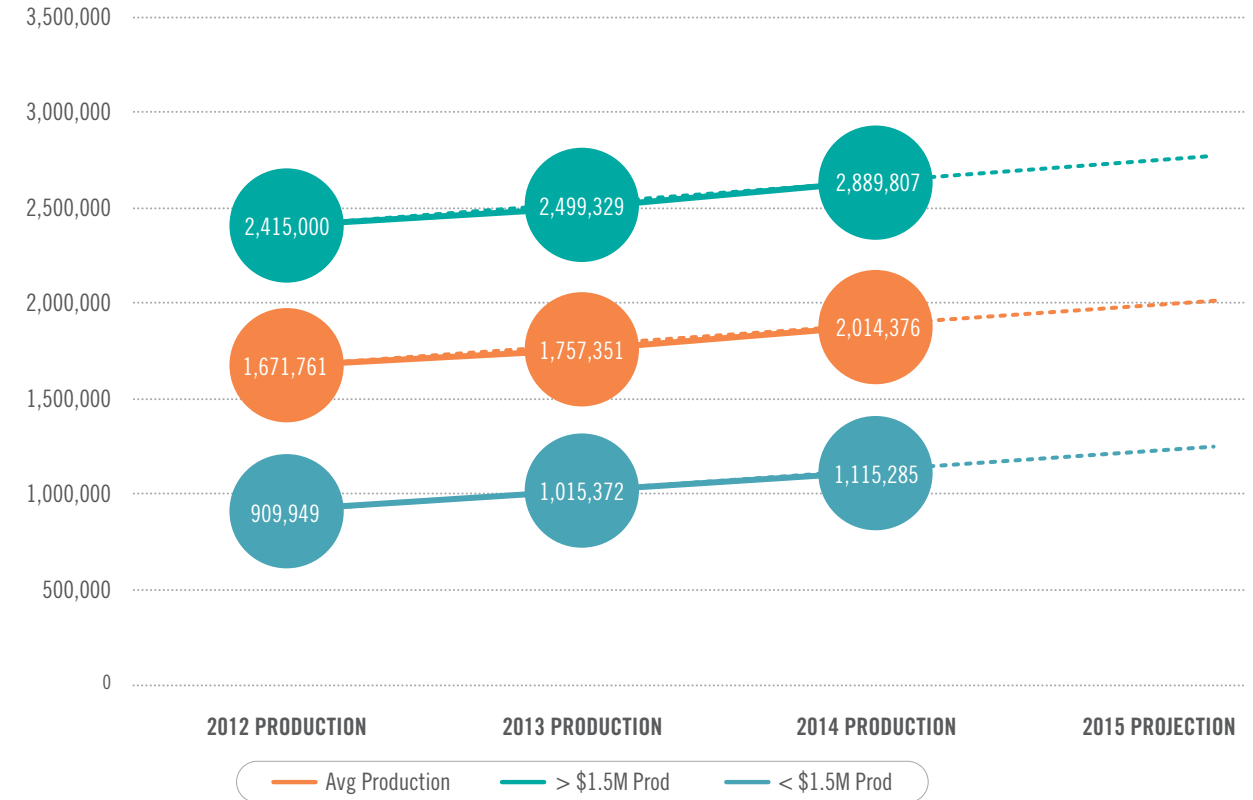
	OVERALL AVERAGE (\$)	OVERALL MEDIAN (\$)	PRACTICES > \$1.5M	PRACTICES < \$1.5M	OVERALL % CHANGE 2013-2014
Production	1,882,926	1,586,975	2,650,567	1,115,285	7.1%
Collections	1,830,913	1,518,184	2,584,283	1,037,892	7.4%
% Production to Collections	102.8%	104.5%	102.6%	107.5%	—
Production per Provider	1,550,936	1,391,633	—	—	—
Contracts Receivable	1,047,758	790,837	1,480,575	614,940	—
Contracts Receivable as % of Prod.	55.6%	49.8%	55.9%	55.1%	—

AVERAGE GROWTH IN PRODUCTION AND COLLECTIONS

Average Annual Production Growth 2012-2014.....6.1%

Average Annual Collections Growth 2012-2014.....8.2%

PROJECTED PRODUCTION GROWTH



INSIGHT:

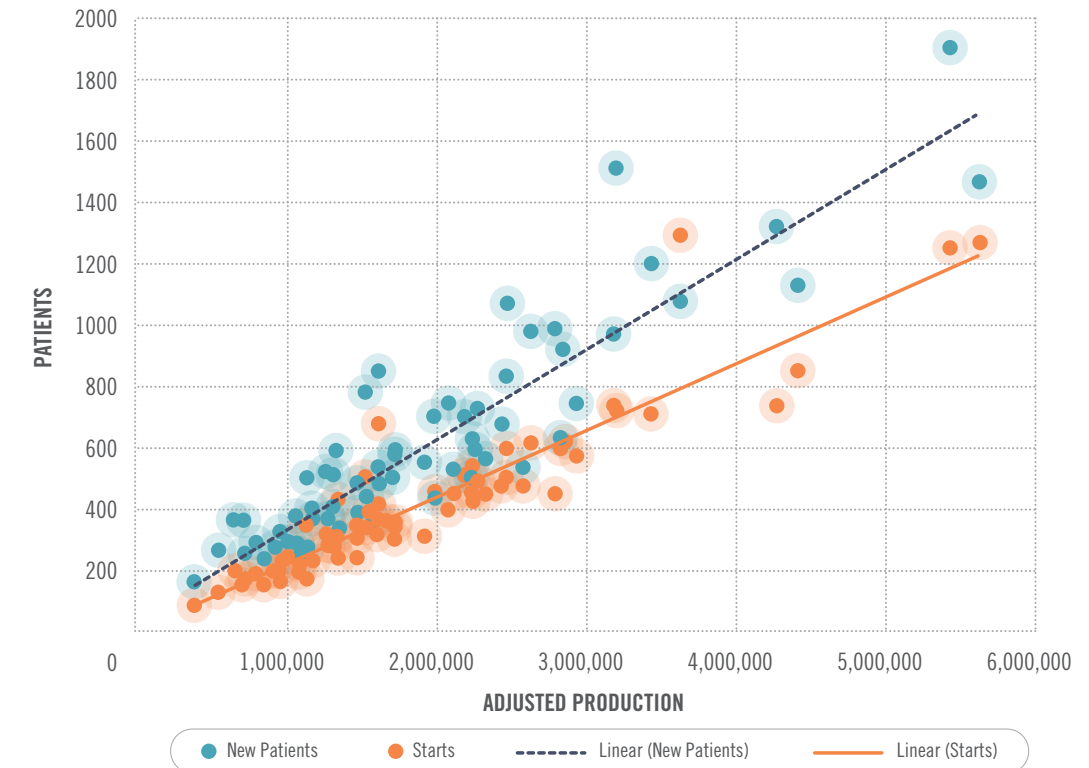
50 to 60%

Contracts receivable are important - they account for money due to your practice in the future. Ideally this should be 50 to 60% of your production which is consistent with the average CWA orthodontic client.

NEW PATIENTS

	OVERALL AVERAGE	OVERALL MEDIAN	PRACTICES > \$1.5M	PRACTICES < \$1.5M	OVERALL % CHANGE 2013-2014
New Patient Exams (NPE)	587	504	794	369	-4.1%
Starts	412	351	558	259	3.5%
Conversion Percentage	70.2%	69.6%	70.3%	70.2%	8.9%
INVISALIGN					
Starts	31	20	46	16	4.0%
Percentage of Overall Starts	7.5%	5.5%	8.6%	6.1%	-0.6%
OBSERVATIONS					
Total Observation Patients	398	312	516	240	—
Obs as a % of New Patients	67.8%	54.5%	65%	65%	—
MARKETING					
Percentage of Collections	3.6%	3.0%	3.8%	3.3%	6.9%
Percentage of Production	3.4%	3.0%	3.9%	3.2%	10.4%
New Patient Acquisition Cost (\$)	108	90	119	99	12.1%

NPE/START PRODUCTION FORECAST



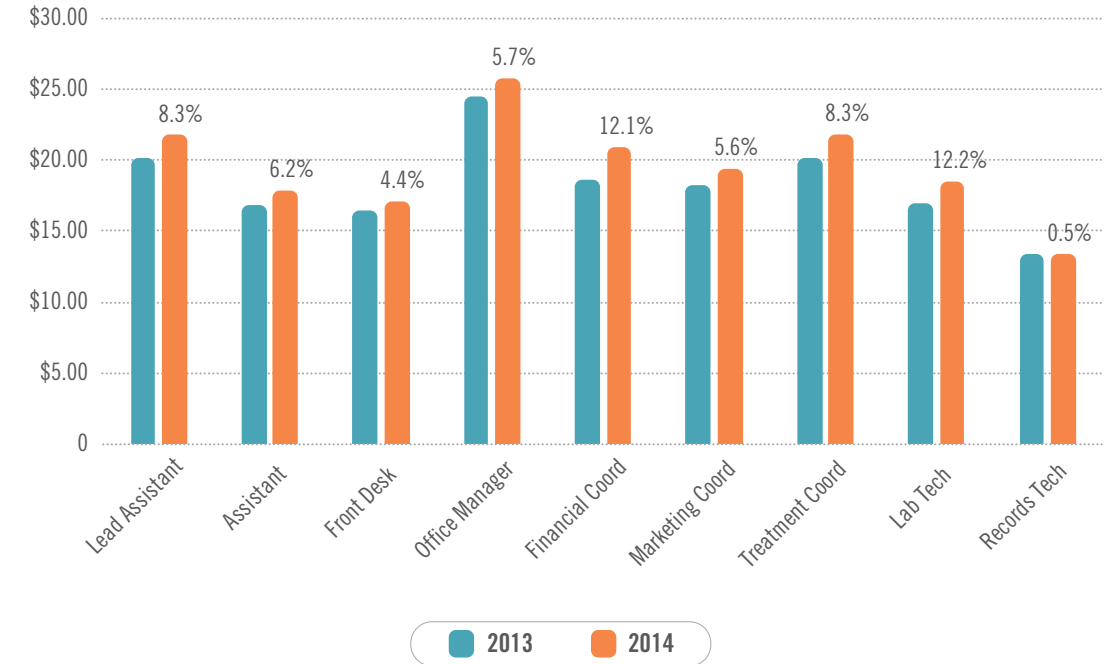
INSIGHT:
Create a Good System

A steady new patient flow is maintained by regularly reviewing your marketing spending and by having a good system in place for managing your recall pool.

PAYROLL

POSITION/HOURLY PAY RATE	OVERALL AVERAGE (\$)	OVERALL MEDIAN (\$)	SUBURBAN / URBAN	RURAL	OVERALL % CHANGE 2013-2014
Lead Assistant	22	21	22	20	8.3%
Assistant	18	18	18	17	6.2%
Front Desk	17	17	17	16	4.4%
Office Manager	26	25	26	25	5.7%
Financial Coordinator	21	20	21	21	12.1%
Marketing Coordinator	19	20	20	18	5.6%
Treatment Coordinator	22	21	23	19	8.3%
Lab Tech	19	18	18	20	12.2%
Records Tech	13	12	13	15	0.5%
Associate Dr. (Daily)	1,139	1,000	1,162	1,017	—

SALARIES 2013 VS. 2014 WITH % INCREASE



SALARIES AS % OF COLLECTIONS

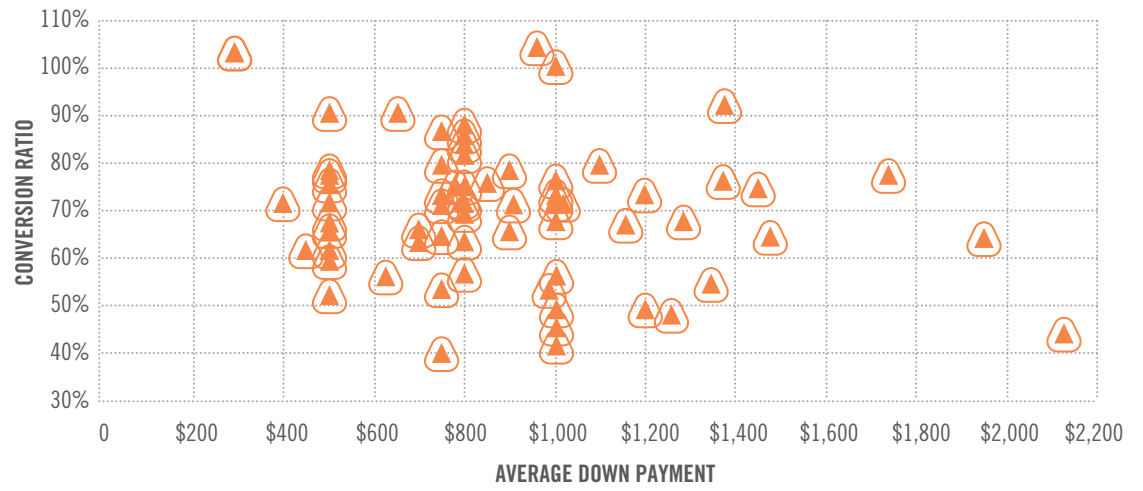
Overall Average.....18.68% Practice Size < \$1.5M.....19.40% Practice Size > \$1.5M.....17.86%

INSIGHT:
With Growth Comes Efficiencies

For most CWA orthodontic clients, increased production typically will have no impact on lab and supply percentages. As practices experience growth, however, efficiencies that are gained, positively impact overhead including staff salary costs.

	OVERALL AVERAGE (\$)	OVERALL MEDIAN (\$)	SUBURBAN / URBAN	RURAL	OVERALL % CHANGE 2013-2014
Phase I	2,873	2,880	2,897	2,701	5.87%
Phase II	4,764	4,980	4,733	4,872	7.63%
Combo Phase I/II	7,637	7,860	7,630	7,573	6.96%
Full Treatment	5,685	5,568	5,648	5,818	4.04%
Invisalign	5,995	5,900	5,985	6,080	6.66%

CONVERSION RATIO VS. DOWN PAYMENT



The CWA Orthodontic Comparison Report was compiled utilizing data from current orthodontic practice clients of Cain Watters & Associates P.L.L.C. (CWA) to produce the average result presented. Prospective clients should not infer their practice will have similar results solely by becoming clients of CWA. Many managerial, economic, geographic, and industry specific conditions could materially affect the results seen by any specific practice. The CWA Orthodontic Comparison Report document was prepared by CWA only for informational and comparative use by owners of a dental practice. This document should not be reproduced or distributed by anyone other than CWA. No other use or other business purpose by a third party is authorized and is expressly not permitted without the expressed written consent of CWA. CWA is an Investment Advisor registered with the Securities and Exchange Commission. No client or prospective client should assume that any information presented herein is receipt of, or a substitute for, personalized financial planning consulting advice. Financial planning consulting advice can only be rendered after the following conditions are met: 1. Delivery of our form ADV Part 2A to you; 2. Execution of an Investment Advisory and/or Financial Planning Engagement Letter between us.

INSIGHT:
Adjust Annually

Fees should be adjusted annually to help cover increased overhead. Concerned about raising prices? Note that even though fees increased by 4% from 2013 to 2014, conversions were still up by 9%.

OUR SERVICES

Founded in 1984, Cain Watters & Associates, P.L.L.C. is a CPA firm providing comprehensive accounting and financial planning services to more than 1,500 clients in 49 states. Our specialized services include:

Complete personal and business financial planning

Comprehensive tax planning for dentistry

Acquisition of other offices and building a new office

Strategies for starting a new practice

Personal and business budgeting

Pension planning strategies

Accounting and Tax services

Dental practice efficiency and productivity review

Preparation and planning for new associate additions

Multiple doctor partnerships

Investment strategies and access to institutional asset management

Distribution planning and estate planning

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