



What is a
Proforma

...and how do I read it?

Building the Proforma

- ◆ We start with the Seller's Schedule C, Corporate Tax Return or Year-end P&L

SCHEDULE C
(Form 1040 or 1040-SR)
Profit or Loss From Business
(Sole Proprietorship)
OMB No. 1545-0047
2019
Attachment
Sequence No. 09

Department of the Treasury
Internal Revenue Service (IRS) ▶ Go to www.irs.gov/ScheduleC for instructions and the latest information.
▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor
DENTAL SUPPLY SERVICES

Business address (including suite or room no.) ▶
City, town or post office, state, and ZIP code

Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on losses ▶ Yes ☐ No ☒

If you started or acquired this business during 2019, check here ▶ Yes ☐ No ☒

Did you make any payments in 2019 that would require you to file Form(s) 1099? (see instructions) ▶ Yes ☐ No ☒

If "Yes," did you or will you file required Form(s) 1099? ▶ Yes ☐ No ☒

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐ 1 634,180.

2 Returns and allowances 2 0.

3 Subtract line 2 from line 1 3 634,180.

4 Cost of goods sold (from line 42) 4 0.

5 Gross profit. Subtract line 4 from line 3 5 634,180.

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) 6 0.

7 Gross income. Add lines 5 and 6 7 634,180.

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising 8 1,944.

9 Car and truck expense (see instructions) 9 110.

10 Commissions and fees 10 0.

11 Contract labor (see instructions) 11 0.

12 Depreciation 12 0.

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) 13 16,423.

14 Employee benefit programs (other than line 16) 14 0.

15 Insurance (other than health) 15 6,800.

16 Interest (see instructions): 16a 0.

16b Mortgage (paid to banks, etc.) 16b 0.

16c Other 16c 0.

17 Legal and professional services 17 1,585.

18 Office expense (see instructions) 18 0.

19 Rent or lease (see instructions) 19 0.

20a Vehicles, machinery, and equipment 20a 0.

20b Other business property 20b 0.

21 Repairs and maintenance 21 13,215.

22 Supplies (not included in Part III) 22 2,715.

23 Taxes and licenses 23 15,246.

24 Travel and meals: 24a Travel 24a 825.

24b Deductible meals (see instructions) 24b 618.

25 Utilities 25 16,784.

26 Wages (less employment credits) 26 36,928.

27a Other expenses (from line 8b) 27a 83,608.

27b Reserved for future use 27b 0.

28 Total expenses before expenses for business use of home. Add lines 8 through 27a 28 198,811.

29 Tentative profit or (loss). Subtract line 28 from line 7 29 435,369.

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions).
Simplified method (file only): enter the total square footage of: (a) your home: 30 1,400.
and (b) the part of your home used for business: 30 1,400.
Method Worksheet in the instructions to figure the amount to enter on line 30.

31 Net profit or (loss). Subtract line 30 from line 29 31 435,369.

32 If you have a loss, check the box that describes your investment in this activity (see instructions):
• If you checked 32a, enter the loss on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3.
• If a loss, you must go to line 32.
• If you have a loss, check the box that describes your investment in this activity (see instructions):
• If you checked 32a, enter the loss on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3.
• If you checked 32b, you must attach Form 6198. Your loss may be limited.

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 08/2019 TFW Schedule C (Form 1040 or 1040-SR) 2019

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Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a ☐ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☒ No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation 35 0.

36 Purchases less cost of items withdrawn for personal use 36 0.

37 Cost of labor. Do not include any amounts paid to yourself 37 0.

38 Materials and supplies 38 0.

39 Other costs 39 0.

40 Add lines 35 through 39 40 0.

41 Inventory at end of year 41 0.

42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4 42 0.

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶

44 Of the total number of miles you drove your vehicle during 2019, enter the number of miles you used your vehicle for:
a Business b Commuting (see instructions) c Other

45 Were your vehicle available for personal use during off-duty hours? ☐ Yes ☒ No

46 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☒ No

47a Do you have evidence to support your deduction? ☐ Yes ☒ No

47b If "Yes," is the evidence written? ☐ Yes ☒ No

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

Dental Supp. 31,145.

Cont. Ed. 780.

Lab 46,907.

Mag. Subscrip. 142.

Discount (Credit Card Fees) 4,407.

Software Support and Billing 5,101.

Postage 1,126.

48 Total other expenses. Enter here and on line 27a 48 83,608.

REV 08/2019 TFW Schedule C (Form 1040 or 1040-SR) 2019

- ◆ We insert these numbers **exactly** as they appear in the financials

PROFORMA INCOME STATEMENT
PRACTICE #DN-1345

	Year and 2019	Adjustments	Proforma
Gross Receipts	634,180		634,180
Net Receipts	634,180		634,180
Expenses:			
Advertising	1,944		1,944
Automobile ¹	110	(110)	0
Continuing Education	780		780
Credit Card Fees	4,407		4,407
Dental Supplies	31,145		31,145
Depreciation ²	16,433	(16,433)	0
Insurance	6,800		6,800
Laboratory	40,907		40,907
Legal & Professional	1,585		1,585
Meals ³	618	(618)	0
Office Supplies	2,715		2,715
Postage	1,126		1,126
Repairs & Maintenance	13,215		13,215
Salaries & Wages	38,928		38,928
Software Support & Billing	5,101		5,101
Subscriptions	142		142
Taxes & Licenses	15,246		15,246
Travel ⁴	825	(825)	0
Utilities	16,784		16,784
TOTAL EXPENSES	198,811		
TOTAL ADJUSTMENTS		(17,986)	
TOTAL ADJUSTED EXPENSES			180,825
NET PROFIT	435,369		453,355
ADJUSTED NET PROFIT			453,355

NOTES

- 1.) Automobile: Considered of personal benefit to the owner.
- 2.) Depreciation: Considered a non-cash expense.
- 3.) Meals: Considered of personal benefit to the owner.
- 4.) Travel: Considered of personal benefit to the owner.

****Above data has not been audited by Western Practice Sales.
It is the Buyer's responsibility to verify if information is true and correct.**

- Next, we adjust any of the seller's personal expenses, one-time or non-recurring expenses, any expenses that are unrelated to this office, and/or any expenses not applicable to the new owner

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- ◆ This leaves us with the adjusted totals for each line item, providing a buyer with an estimate of expenses that a buyer could expect if they managed the practice in the same way as the seller

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- It also allows a buyer to review each of the adjustments and read the corresponding footnote which explains the reason each adjustment was made

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- Once the buyer has reviewed the adjustments and reasons for the revision, they can clearly see their expected net profit if they managed the practice in the same way as the seller

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IMPORTANT NOTE TO BUYERS

Your lender will be asking you questions during your credit interview to ensure that you understand the practice financials and these adjustments so please review thoroughly

Call the Western Practice Sales Listing Broker with any questions

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If you have any additional questions about proformas, we are here to help

Western Practice Sales

800.641.4179

info@westernpracticesales.com

Thank you