Lead Screening Report

Sample Family Medicine Group (Illustrative) · Los Angeles, CA

Analysis run: 2026-07-14
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Assumptions as of: 2026-07-14

About the numbers in this report. The financial figures below are seller-provided and unverified - PracticeHound screens deals against your stated assumptions; it does not audit the seller's numbers. That is exactly why the next step on any deal you pursue is verification: an SBA-preferred lender to confirm financeability, a CPA to verify the financials, and a healthcare attorney to review the legal and regulatory picture. Treat this report as a structured starting point for that work, not a conclusion.

VERDICT

CONTACT

Worth pursuing IF these unverified numbers hold up under diligence. This is not a statement that this is a good deal.

THE MATH

DSCR	2.31x
Annual debt service	$136,403
Owner cash after debt service	$378,597
Max supportable price	$1,662,719

FLAGS

Red

(none)

Amber

(none)

RATIONALE

No red flags are present, completeness is 100%, and the deal pencils strongly on paper: DSCR of 2.31 against a 1.25 target, asking price at the low end of the SDE-implied range ($900K vs. $900K-$1.5M), and an estimated $378K in annual owner cash after debt service. Revenue and SDE are both trending up year-over-year. However, all figures are confirmed-but-unverified seller claims - the add-back schedule and payer-mix breakdown were marked 'provided' without substantive recorded answers, and a 40% concentration in a single commercial payer (Blue Shield PPO) is a soft concern that warrants scrutiny. This deal is worth the advisor's paid review only if these numbers survive independent verification.

DILIGENCE QUESTIONS TO ASK

1. Can you provide the full supporting documentation (payroll records, invoices, accountant workpapers) behind the two FY 2025 add-backs - $120,000 owner compensation normalization and $40,000 automobile/travel - so we can confirm these are genuinely non-recurring or owner-specific expenses that a new physician-owner would not incur?

2. Blue Shield PPO represents 40% of revenue as a single payer - please provide the current contract, its renewal/termination terms, any recent or upcoming rate negotiations, and confirmation that the contract is assignable or re-credentialing is straightforward for a new owner?
3. Please provide complete FY 2025 financials (P&L and balance sheet as prepared by the outside accountant) plus year-to-date 2026 financials through the most recent available month, so we can assess whether the revenue and SDE trend has continued into the current year?
4. Can you confirm the lease terms in writing - specifically the remaining base term, all renewal option periods and rent escalation clauses, and whether the landlord will execute a lease extension or new lease sufficient to cover the full 10-year SBA loan term - and provide a copy of the current lease agreement?

HOW THIS DEAL WORKS (PLAIN ENGLISH)

The physician would put roughly $90,000 down (10% of the $900,000 asking price) and borrow approximately $842,000 through an SBA 7(a) loan at 10.5% over 10 years, costing about $11,400 per month - or roughly $136,000 per year - in loan payments. After paying that debt service and taking a $200,000 physician draw, the practice's claimed earnings ($600,000 adjusted SDE) would leave an estimated $378,000 in cushion annually, which is a comfortable margin. The biggest concentration risk is that 40% of revenue flows through a single insurer (Blue Shield PPO): if that contract were renegotiated at lower rates or terminated, the financial picture could change materially. The add-back schedule - which accounts for $160,000 of the claimed SDE - has not yet been substantiated with supporting documents, so the true earnings figure is unconfirmed. This deal looks attractive on paper, but the numbers must be independently verified before any commitment is made.

ASSUMPTIONS USED (AS OF 2026-07-14)

Interest rate	10.5%
Loan term	120 months
Target DSCR	1.25x
Equity injection	10%
Seller note	0%
Closing cost	4%
Operator salary	$85,000
Physician draw	$200,000
SDE multiple band	1.5x - 2.5x
Revenue multiple band	0.4x - 0.8x

Want help quarterbacking that verification? PracticeHound offers that as a separate paid consulting engagement - request an advisor review from this lead's page.