

*Sample
Medical
Appraisal
Report*

HOFF APPRAISAL ASSOCIATES

7645 Baker Street NE, Minneapolis, MN 55432
(612) 521-5700 • Fax: (612) 521-9358

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THIS REPORT IS ONLY VALID IN ITS ENTIRETY

HOFF APPRAISAL ASSOCIATES

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***(Name of Client Company)
(Street Address)
(City, State Zip Code)***

***Inspection Date & Effective Date
00/00/0000***

MEDICAL APPRAISAL REPORT

Prepared for

***(Name of Client Company)
(Street Address)
(City State, Zip Code)***

HOFF APPRAISAL ASSOCIATES

(Date)

(Name of Client Contact)
(Name of Client Company)
(Street Address)
(City State Zip Code)

Dear Mr./Ms. **(Name of Client Contact)**:

Pursuant to your request I have prepared this Medical Appraisal Report of the Medical Equipment located at **(Name of Company being Appraised), (Street Address), (City, State Zip Code)**. The Intended User of this report is **(Name of Client Company), (City State Zip Code)**. The Intended Use of this report is to provide information to **(Name of Client Company)** on certain assets of **(Name of Company being Appraised)** to be used in discussions with **(Name of Client Company)** on the possible purchase of these assets by **(Name of Company being Appraised)**. The value definition reported was chosen by **Name of Client Company** and determined by them to be appropriate for the Intended Use of this report.

The Cost, Income and Market Approaches were considered for this appraisal and have either been utilized where necessary or deemed to be inappropriate for the value conclusions found in this report.

It is my opinion that as of (**Date**) the Inspection of the Machinery and Equipment has a "Fair Market Value" of \$13,000.

The "FAIR MARKET VALUE" According to Section 1877(h)(3) of the Social Security Act and further defined in the Stark II, Phase III Final Rule (42 CFR Section 411.351), an appropriate premise of value when purchasing medical practices is Fair market Value, as defined below.

(Name of Client Contact)
(Name of Client Company)
(Street Address)
(City State Zip Code)

The "FAIR MARKET VALUE", means the value in arm's-length transactions, consistent with the general market value. 'General Market value' means the price that an asset would bring as the result of *bona fide* bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of *bona fide* bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement. Usually, the fair market price is the price at which *bona fide* sales have been consummated for assets of like type, equality, and quantity in a particular market at the time of acquisition, or the compensation that has been included in *bona fide* service agreements with comparable terms at the time of the agreement, where the price or compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual referrals.

No investigation has been made into title to the property and all items described are assumed to be the property of the subject company.

This opinion is based upon the belief that there are no extraordinary conditions which would have an impact on the value.

No Allowance has been made for possible liens or encumbrances which may be against the property

Consideration for possible environmental hazards from any source is beyond the scope of this appraisal

(Name of Client Contact)
(Name of Client Company)
(Street Address)
(City State Zip Code)

Since the conclusion and/or opinions of the writer of this letter are based upon judgments, isolation of any single element as the sole basis of comparison to the whole letter may be inaccurate.

As an agent of Hoff Appraisal Associates, I certify that this opinion is unbiased and that neither I nor Hoff Appraisal Associates or any of its employees have any interest in the subject property. The fees charged for this opinion were not contingent on the values reported nor were any undisclosed fees, commissions, or other compensation received.

Respectfully Submitted,

Doug Killion, ASA
Signature Appraiser
HOFF APPRAISAL ASSOCIATES

DK:ng

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DOES

CERTIFY

That on this date given in the certificate, the property of

(Name of Client Company)

(Street Address)

(City State Zip Code)

WAS WELL AND REASONABLY WORTH:

\$13,000

ON THE BASIS OF ITS FAIR MARKET VALUE
MEDICAL APPRAISAL REPORT

The "FAIR MARKET VALUE" According to Section 1877(h)(3) of the Social Security Act and further defined in the Stark II, Phase III Final Rule (42 CFR Section 411.351), an appropriate premise of value when purchasing medical practices is Fair market Value, as defined below.

The "FAIR MARKET VALUE", means the value in arm's-length transactions, consistent with the general market value. 'General Market value' means the price that an asset would bring as the result of *bona fide* bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of *bona fide* bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement. Usually, the fair market price is the price at which *bona fide* sales have been consummated for assets of like type, equality, and quantity in a particular market at the time of acquisition, or the compensation that has been included in *bona fide* service agreements with comparable terms at the time of the agreement, where the price or compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual referrals.

"Effective Date"
(DATE)

BY: _____
Doug Killion, ASA
Signature Appraiser

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CERTIFICATION

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I have personally viewed the property that is the subject of this report.

Mr. Hoff has provided significant professional assistance to the person signing this report.

Doug Killion, ASA
Signature Appraiser

Date: _____

Dennis Hoff
Review Appraiser

Date: _____

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NOTES & COMMENTS

The Furniture and Medical Equipment detailed in this report was physically viewed by the Signature Appraiser on Tuesday, February 21, 2012 at ABC Medical Clinic, Somewhere, USA. The Intended User of this report is XYZ Health Group, Everywhere, USA. The Intended Use of this report is to provide information to XYZ Health Group on certain assets of ABC Medical Clinic to be used in discussions with ABC Medical Clinic on the possible purchase of these assets by XYZ Health Group. The value definition reported was chosen through discussions between XYZ Health Group and Hoff Appraisal Associates. Based on the provided information, it was determined by the appraiser to be appropriate for the Intended Use of this report. The following comments should be considered an integral part of this report.

ABC Medical Clinic is located in Somewhere, USA, They are a general medical practice for patients in the local area. The clinic was opened in 2002 and occupies 10,000 square feet. The office is made up of (4) exam rooms, (2) procedure rooms, nurses station, audio testing lab, (3) physicians offices, business office, and a waiting room area.

At the time of viewing, the Furniture and Medical Equipment appeared in fair to good condition. Equipment calibrations where required were up to date. The waiting room furniture had been reupholstered in 2006.

Dr. Smith of the ABC Medical Clinic told the Signature Appraiser that the Art present was personally owned. He also indicated that the phone system was part of a building managed system and not owned by ABC Medical Clinic. These items were Not included in this report.

The scope of this report is limited to the Furniture and Medical Equipment at this facility and does not include any medical records, land, buildings, or lease hold improvements. The day to day inventory of raw materials and other assorted items required to operate the facility were not included in this report.

The values placed on the Furniture and Medical Equipment was determined by the use of standard and accepted appraisal procedures. This includes the physical inspection of each machine. During the inspection, the manufacture, model, serial number, and attachments were identified. The ages of the machines are determined through Reference Books and also through calls to distributors and manufacturers. The values are determined by the use of comparative recent selling prices of similar items. The recent selling figures were obtained from the data collected in the course of research and analysis may include, but not limited to; Market Data from Used Equipment Dealers that sell comparable equipment; conversations with New Equipment Manufacturer's; Consultation with Auctioneers, Liquidators and Equipment Brokers of comparable equipment; In-House Data Bases; Industry Data Bases; Trade Journals and Industry Periodicals. The Review Appraiser's over 40 years of experience in buying and selling of Capital Equipment was also utilized.

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RESEARCH BIBLIOGRAPHY

1. The Book
Gainesville, Georgia
2. Estimated Useful Lives of Depreciable Hospital Assets
Chicago, Illinois
3. Medical Equipment Locator
LaGrange, Kentucky
4. DOTmed.Com
New York, New York
5. labX
Midland, Ontario,
6. Hoff Appraisal Internal Library
Minneapolis, Minnesota

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APPROACHES TO VALUE

“All approaches below have been considered”

Market Approach:

One of the three recognized approaches used in appraisal analysis, this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the ‘Comparison Sales Approach’. The primary intent of the market approach is to determine the desirability of the assets and recent sales of offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

Cost Approach:

One of the three recognized approaches used in appraisal analysis, this approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

Income Approach:

One of the three recognized approaches used in appraisal analysis, this approach considers value in relation to the present worth of future benefits derived from ownership and is usually measured through the capitalization of a specific level of income. This approach is the least common approach used in the valuation of machinery and equipment since it is difficult to isolate income attributable to such assets. “As it relates to the subject, the assets do not trade on income”.

DEPRECIATION

Defined as the actual loss in value or worth of a property from all causes including those resulting from physical deterioration, functional obsolescence, and economic obsolescence.

Physical Deterioration:

A form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements.

Functional Obsolescence:

A form of depreciation where the loss in value is due to factors inherent in the property itself and due to changes in design, or process resulting in inadequacy, over capacity, excess construction, lack of functional utility, or excess operating costs.

Economic Obsolescence:

A form of depreciation caused by unfavorable external conditions or loss in value. These can include such things as the economics of the industry, availability of financing, loss of material and labor sources, passage of new legislation, and changes in ordinances.

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DEFINITION OF VALUES

Fair Market In-Place Value:¹

A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts, as installed for intended utilization, as of the effective date of the appraisal report.

Machinery & Equipment Fair Market Value:¹

The "FAIR MARKET VALUE", as used in this report being defined is a professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the appraisal report.

Medical Fair Market Value:²

The "FAIR MARKET VALUE", means the value in arm's-length transactions, consistent with the general market value. 'General Market value' means the price that an asset would bring as the result of *bona fide* bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of *bona fide* bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement. Usually, the fair market price is the price at which *bona fide* sales have been consummated for assets of like type, equality, and quantity in a particular market at the time of acquisition, or the compensation that has been included in *bona fide* service agreements with comparable terms at the time of the agreement, where the price or compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual referrals.

FAIR MARKET VALUE in CONTINUED USE with ASSUMED EARNINGS:³

"FAIR MARKET VALUE in CONTINUED USE with ASSUMED EARNINGS", as used in this report is a professional opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.

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DEFINITION OF VALUES

Orderly Liquidation Value:¹

A professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal report. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the assets appraised could change the psychological and/or monetary appeal necessary to gain the value indicated.

Forced Liquidation Value:¹

A professional opinion of the estimated most probable price expressed in terms of currency which could typically be realized at a properly advertised and conducted public auction sale, held under forced sale conditions and under present day economic trends, as of the effective date of the appraisal report. Conclusions taken into consideration are physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the price indicated.

Insurable/Cash Value:¹

A professional opinion estimated in terms of currency that would be required to duplicate, as nearly as possible, the equipment described in the appraisal report. This value includes machine cost, freight, rigging, installation, electrical and pneumatic connections, foundation costs and leveling of the equipment. In cases where individual machines cannot be replaced model for model, a machine of equal capacity and similar age would be substituted. This value makes no provisions for travel costs, loss of business costs, and applicable taxes.

¹ As defined by the (AMEA) Association of Machinery and Equipment Appraisers.

² According to Section 1877(h)(3) of the Social Security Act and further defined in the Stark II, Phase III Final Rule (42 CFR Section 411.351), an appropriate premise of value when purchasing medical practices is Medical Fair Market Value as defined above.

³ As defined by the (ASA) American Society of Appraisers.

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STATEMENT OF CONDITIONS

All facts and data set forth in this report are based upon an estimate of value only and are true and accurate to the best of the appraiser's knowledge and belief.

No investigation has been made into the title of the property and all items listed are assumed to be the property of the subject company.

No consideration has been given to liens or encumbrances, which may be against the property other than those discussed in this report.

The appraiser's opinion of machinery and equipment condition is derived from a limited visual inspection and/or discussions with maintenance personnel or operators, if available. The equipment was not tested under power for defects. Operating individual pieces of equipment to test their status was beyond the scope of the investigation. The values reported assume the equipment is operational and serviceable unless otherwise stated in the report.

We have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

This appraisal has been made in accordance with accepted appraisal practices and in accordance with the Association of Machinery and Equipment Appraisers Standards and Procedures of Professional Appraisal Ethics and Practice and the Uniform Standards of Professional Appraisal Practice and reflects the best judgment of the appraiser. When appropriate, new and used equipment dealers have been consulted for comparable prices; and catalogs, trade publications and comparative results of auction sales have been utilized.

Information provided by others has been assumed to be correct for the purposes of this report and no responsibility is taken for the accuracy of it.

Since conclusions by the appraiser are based upon judgments, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.

The fees for this appraisal are not contingent upon values reported.

Consideration of possible environmental hazards from any source goes beyond the scope of this appraisal report.

It is assumed that there are no hidden or unapparent conditions of the equipment, which would render it more or less valuable.

Other limitations or assumptions, if any, are clearly defined and individually set out at the point relating to the subject.

The appraiser is not required to give testimony, be present in any court of law, or appear before any commission or board by reason of this appraisal, unless prior arrangements have been made.

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(Name of Client Company)
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MEDICAL APPRAISAL REPORT

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<u>ITEM #</u>	<u>AUDIOLOGY EQUIPMENT</u>	<u>FAIR MARKET VALUE</u>
1	1-Used Audiology Testing System Including: Tracoustics Model RE-143 Acoustical Enclosure, Serial No. 400-776, 7' x 8' x 6 ½' High Chamber w/ Window & Lights; Grason Stadler Model 61 2-Channel Clinical Audiometer, Serial No. 00000000, Analog Controls w/ Monitor & Digital Output; Madsen Model Aurical Diagnostic & Fitting System w/ Hi-Pro Programming, Serial No. 62460, (New 1996); GSI Model 33 Middle Ear Analyzer, Serial No. A-0873, Analog Controls w/ Monitor & Printer; Speakers; Headsets; PC w/ Printer	\$0
2	1-Used Welsh Allyn Model Micro Tymp 2 Tympanometer w/ Printer, Charger, & Hand Set	\$0

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<u>ITEM #</u>	<u>CAMERAS - NUCLEAR</u>	<u>FAIR MARKET VALUE</u>
3	1-Used Siemens E.CAM Signature Series Single-Detector Gamma Camera, Serial No. 00000, (New 2004), Open Gantry Design w/Automatic Body Contouring for SPECT & Whole Body Scans, HD ³ High Definition Digital Detector, E-Soft Acquisition Software Updated 2007, Gurney, Siemens Control, Biomedical Systems Model 101 Patient Monitor, PC, Printer, Includes Hot Lab Equipment Including Capintec CRC-15R Dose Calibrator, L	\$0
4	1-Used Siemens E.CAM Signature Series Single-Detector Gamma Camera, Serial No. 0000, (New 2002), Open Gantry Design w/Automatic Body Contouring for SPECT & Whole Body Scans, HD ³ High Definition Digital Detector, E-Soft Acquisition Software Updated 2007, Gurney, Siemens Control, Biomedical Systems Model 101 Patient Monitor, PC, Printer, Includes Hot Lab Equipment, Including Capintec CRC-15R Dose Calibrator, B	\$0

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<u>ITEM #</u>	<u>DEFIBRILLATOR</u>	<u>FAIR MARKET VALUE</u>
5	1-Used Zoll Model Biphasic M-Series Defibrillator w/ Crash Cart, Tag #8631, (New 2007), Rated @ 200-Joules Maximum, Rectilinear Biphasic Waveform, Analog & Touch Screen Controls, Paddles, Recorder & Printer, B	\$0
6	1-Used HP Model Codemaster XL Defibrillator w/ Crash Cart, Serial No. N.A., Rated 360-Joules Maximum, Analog Controls w/ 3" x 4" Screen, Paddles, Cart Includes Suction Pump, L	\$0

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<u>ITEM #</u>	<u>EXAM TABLES & CHAIRS</u>	<u>FAIR MARKET VALUE</u>
7	1-Used Lot of (7) Assorted Procedure Chairs, Most w/ Power Elevation & Tip, Includes: SMR Model CPS-1568, Serial No. 00000-0000, (New 2006); SMR Model S-2400, Serial No. 00000; Ritter Model C, Serial No. 0000000; Ritter Model F, Serial No. 00000; SMR Model Maxi, Serial No. N.A.; SMR Model H, Serial No. 00000; Reliance Model SP-M, Serial No. 0000	\$0
8	1-Used Medical Technology Industries (MTI) Model 527-115 Tri-Power Podiatry Chair, Serial No. 000000000, (New 2009), 800-LB Maximum, 19" to 38" Seat Height, 19.7" Maximum Vertical Elevation, 30° Trendelenburg, Vinyl Upholstery, Expandable Footrest & Debris Tray, 3-Function Foot Controls, Motor & Controls	\$0
9	1-Used Lot of (6) Cloth or Vinyl Exam Stools w/ Backs	\$0

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<u>ITEM #</u>	<u>LIGHT SOURCES</u>	<u>FAIR MARKET VALUE</u>
10	1-Used Lot of (6) Assorted Fiber Optics Halogen Light Sources, Analog Controls, Includes: (2) Narco / Pilling; (1) Pentax LH-150; (1) Surgitel HLT-150; (1) Ellman; (1) Luxtec 1900	\$0

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<u>ITEM #</u>	<u>OFFICE FURNITURE & BUSINESS MACHINES</u>	<u>FAIR MARKET VALUE</u>
11	1-Used Lot of (16) Personal Computers	
12	1-Used Lot of Office Furniture & Business Machines Including But Not Limited to: (4) Desks w/ Chairs; (4) Shredders; (2) 4-Drawer Lateral File Cabinets; (1) 3-Drawer Lateral File Cabinet; (1) 4-Drawer Metal File Cabinet; (2) 2-Drawer Metal File Cabinets; (1) Fax Machine; (37) Wood / Cloth Guest Chairs; 32" Toshiba Flat Screen TV; Lunch Room Equipment; Postage Meter	\$0
13	1-Used Lot of (2) Dell Servers w/ Cabinets, Switches, & APUs	\$0
14	1-Used Lot of Printers & Copiers, Includes: (6) Multi-Drawer Printers; (2) Personal Printers; Ricoh IS330DC Scanner / Copier	\$0

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<u>ITEM #</u>	<u>SCOPES</u>	<u>FAIR MARKET VALUE</u>
15	1-Used Storz Video Endoscopy System, Includes: Storz Tri-Cam SL Head, Serial No. 0000000; Storz Auto Exposure Unit; Sony Video Monitor; Sony Color Video Printer; Medical Dynamics Model 6600 Xenon Light Source; Cart; Electrics	\$0
16	1-Used Vision Science Model ENT 3000 Flexible Rhinolaryngoscope, 30cm Working Length, 3.6mm Diameter, BLS-1000 Battery Powered Light Source, Case	\$0
17	1-Used Lot of (4) Storz Fiber Optic Scopes w/ Cases, Includes: (1) Storz 11001-BN1 Bronchoscope, 54cm Working Length, 5.2mm Diameter; (1) Storz 11101SK1 Rhinolaryngoscope, 27cm Working Length, 2.5mm Diameter; (2) Storz 11101RP1 Rhinolaryngoscope, 30cm Working Length, 3.7mm Diameter	\$0
18	1-Used Lot of (6) Welch Allyn Pocket Type Ophthalmoscopes & Otoscopes w/ Rechargeable Handles & Accessories, Electrics	\$0

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<u>ITEM #</u>	<u>SUPPORT EQUIPMENT</u>	<u>FAIR MARKET VALUE</u>
19	1-Used Lot of (5) Gomco Portable Suction / Pressure Pumps, Analog Controls, Collection Bottle, Includes: (3) Model 309; (2) Model 311; Electrics	\$0
20	1-Used Pelton & Crane OCM Autoclave, Serial No. 0000., 7" Diameter x 13" Deep Chamber, Analog Controls, Bench Top Model, Electrics	\$0
21	1-Used Valley Lab Model SSE2 Solid State Electrosurgical Generator w/ IsoBlock, Serial No. 00000, Analog Controls for Coag & Cut, Cart, Electrics	\$0
22	1-Used Lot of (2) Gomco Model 1003 5-Tray Rolling Exam Room Carts, Serial No. 00000 & 0000, 12" x 18" x 30" High w/ Casters, Suction Pump, Electrics	\$0
23	1-Used Cole Parmer Model 8855-10 Long Bed Ultrasonic Cleaner, Serial No. 00000000000, 2.75-Gallon Capacity, 19 ½" x 5 ¾" x 6" Deep Stainless Tank, 140°F Heated Solution, 40kHz Frequency, Motor & Controls	\$0
24	1-Used Corning Model VanGuard V6500 Table Top Centrifuge, Serial No. 000000, 6-Tube Unit w/ Fixed Angle Rotor, 3,500-RPM Maximum, Analog Controls, 60-Minute Timer, Motor & Controls	\$0

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<u>ITEM #</u>	<u>SURGICAL MICROSCOPES</u>	<u>FAIR MARKET VALUE</u>
25	1-Used Carl Zeiss Model OPMI-CS ENT Surgical Microscope, Serial No. 0000000, F-170 Head, Zeiss Floor Stand w/ Powered Focus, Zeiss Model 310187 Fiber Optic Light Source, Foot Switch, Electrics	\$0
26	1-Used Carl Zeiss Model OPMI-1 ENT Surgical Microscope, Serial No. 0000000, F-125 Head, Zeiss Floor Stand, Zeiss Fiber Optic Light Source, Electrics	\$0
27	1-Used Carl Zeiss Model OPMI-1 ENT Surgical Microscope, Serial No. N.A., F-125 Head, Prescott Wall Mount, Prescott Fiber Optic Light Source, Electrics	\$0

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<u>ITEM #</u>	<u>X-RAY EQUIPMENT</u>	<u>FAIR MARKET VALUE</u>
28	1-Used Air Techniques /All Pro Imaging Model Scanx-12 ILE (B7310) Digital Imaging System, Serial No. 00000, (New 2009), Class 1 Laser Product, 8" x 10" & 10" x 12" Phosphor Storage Plates, Software, Electrics	\$0
29	1-Used X-Cel X-Ray Corporation Model LB-700A/C X-Ray System, Serial No. 000000, (New 2009), 28" SID, Both Laterals Possible, 50-70KVP, 10 & 15 MA, Analog Controls w/ Digital Timer, Model X-Ray A/C Head, Serial No. 6913, 24" x 30" Base w/ 28" Reach Articulating Arm, Accessories, Electrics	\$0

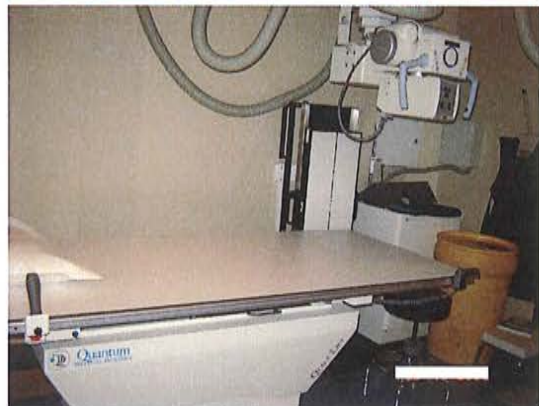
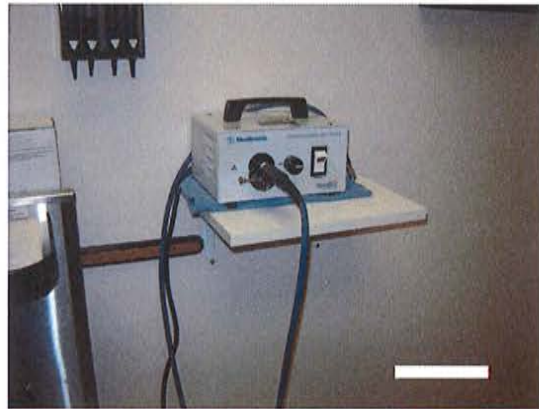
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(612) 521-5700 • Fax: (612) 521-9358

<u>ITEM #</u>	<u>MISCELLANEOUS EQUIPMENT</u>	<u>FAIR MARKET VALUE</u>
30	1-Used Lot of Miscellaneous Equipment Including But Not Limited to: Speculums; Forceps; Scissors; Suctions; (4) BFW Halogen Headlights w/ Cases; Midmark Lab Refrigerator; Wheel Chair; Detecto 300-LB Patient Scale; (6) Desk Top Sterilizers; (5) Portable Blood Pressures Cuffs	\$0
	TOTAL APPRAISED ASSETS	\$0

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"Company Name Appraised"

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Doug Killion

Telephone: (402) 345-5900
E-mail: dkillion@mac.com

PROFESSIONAL BACKGROUND:

Mr. Killion was employed at Arnold Tool & Die in Council Bluffs, Iowa from 1968-2002. His titles include: Tool & Die Maker, CNC Programmer, and Manager. He was responsible for all equipment purchase justifications for both CNC and Tool & Die Equipment. He assumed part ownership of the company in 1996. In the fall of 2002, Mr. Killion joined Hoff Appraisal Associates, opening a branch office in Omaha, Nebraska. He specializes in Machine Tools along with other Machinery and Equipment.

- ASA (Accredited Senior Appraiser) in the American Society of Appraisers
- CSA (Certified Senior Appraiser) in the Equipment Appraisers Association of North America (EAANA)
- Graduate of USPAP Course (Uniform Standards of Professional Appraisal Practice)

EDUCATIONAL BACKGROUND:

Served Apprenticeship for Tool & Die through Arnold Tool & Die and Tech School program.

Completed Courses in CNC Programming, Auto-Cad, and Robotic Programming.

Completed Courses ME201 Through ME204 American Society of Appraisers Machinery & Equipment Valuations

REFERENCES:

Alegent Health, Omaha, Nebraska

Enterprise Bank, Omaha, Nebraska

Home Federal Bank, Sioux Falls, South Dakota

Security National Bank, Omaha, Nebraska

U.S. Bank Business Finance, Minneapolis, Minnesota

Wells Fargo Bank, Ames, Iowa

Wells Fargo Bank, Omaha, Nebraska

**EQUIPMENT APPRAISERS
ASSOCIATION OF NORTH AMERICA**

PRESENTS THIS CERTIFICATE OF ACCREDITATION TO

DOUG KILLION, CSA

IN RECOGNITION OF COMPLETING ALL REQUIREMENTS FOR
REACCREDITATION FOR CERTIFIED SENIOR APPRAISER

VALID THROUGH OCTOBER 2020

Talvi Nakowski

SIGNATURE

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Dennis Hoff

E-mail: dennis.hoff@hoffappraisal.com

EDUCATIONAL BACKGROUND:

University of Minnesota
B.S. Business 1967

PROFESSIONAL BACKGROUND:

Mr. Hoff has been in the used machinery business since 1961, employed by Midwestern Machinery through 1971. He founded Hoff Machinery, Inc. in 1972.

Mr. Hoff is a:

- Member of Equipment Appraisers Association of North America
- Graduate of USPAP Course (Uniform Standards of Professional Appraisal Practice)
- Past Vice President of MDNA (Machinery Dealers National Association)

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REFERENCES:

Anchor Bank, Blaine, Minnesota

Bell Bank, Golden Valley, Minnesota

Boeing Company, Seattle, Washington

Central Bank, Golden Valley, Minnesota

Office of the City Attorney, Los Angeles, California

State Bank of Faribault, Faribault, Minnesota

Tesla Motor Company, Fremont, California

US Bank, Minneapolis, Minnesota

Village Bank, Blaine, Minnesota

Contact names will be provided upon request.



Certificate of Completion

for

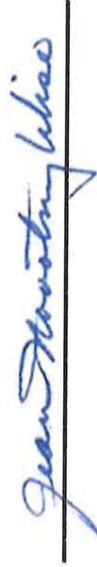
Dennis Hoff

who attended the class and successfully completed the AMEA 7 Hour Course

Uniform Standards of Professional Appraisal Practice (USPAP)

Date: March 8, 2018

Location: Minneapolis, MN

A handwritten signature in blue ink, which appears to read "Jean Steuting". The signature is written over a horizontal line.

Instructor

HOFF APPRAISAL ASSOCIATES

(Date)

(Name of Client Contact)
(Name of Client Company)
(Street Address)
(City, State Zip Code)

Dear Mr./Ms. **(Name of Client Contact)**:

We will undertake the Medical Appraisal Report of the Medical Equipment located at **(Name of Company Appraised, Street Address, City State)** providing you with the "Fair Market Value" and "Orderly Liquidation Value" of the assets. The Intended User of this report is **(Name of Client Company), (City, State Zip Code)**. The Intended Use of this report is to provide information to **(Name of Client Company)** that will be used in discussions with **(Name of Company Appraised)** for Business and Financial Planning purposes.

The "FAIR MARKET VALUE" According to Section 1877(h)(3) of the Social Security Act and further defined in the Stark II, Phase III Final Rule (42 CFR Section 411.351), an appropriate premise of value when purchasing medical practices is Fair market Value, as defined below.

The "FAIR MARKET VALUE", means the value in arm's-length transactions, consistent with the general market value. 'General Market value' means the price that an asset would bring as the result of *bona fide* bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of *bona fide* bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement. Usually, the fair market price is the price at which *bona fide* sales have been consummated for assets of like type, equality, and quantity in a particular market at the time of acquisition, or the compensation that has been included in *bona fide* service agreements with comparable terms at the time of the agreement, where the price or compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual referrals.

(Name of Client Contact)
(Name of Client Company)
(Street Address)
(City, State Zip Code)

The appraiser will maintain confidentiality as far as possible. The client recognizes that the appraiser is required to speak to dealers who may draw their own conclusions as to the ownership of the machinery and equipment.

Hoff Appraisal Associates will be paid a fee of (\$000.00) for the work associated with providing the report. The attached Engagement Terms and Conditions are necessarily part of this agreement. For accounting and contractual purposes, we require a duly authorized signature confirming our understanding and that there are no contingencies regarding payment for this appraisal.

We will supply two (2) bound original reports and one (1) Electronic report with no photos upon request. The reports will conform to current USPAP Appraisal Standard guidelines. Payment for the completed reports is due upon delivery. Please sign and date one of the Engagement Letters and mail back in the enclosed envelope. Thank you for the opportunity to be of service.

Sincerely,

Dennis Hoff
President
HOFF APPRAISAL ASSOCIATES

DH:ng

Accepted By:

Date:

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ENGAGEMENT TERMS AND CONDITIONS

Payment Terms:

The Client is responsible to make full payment upon completion and delivery of the appraisal report. Payment not received within 15 days of completion of the report will be charged an additional 10% processing fee.

Signed Engagement Letter:

A signed Engagement Letter must be returned to Hoff Appraisal Associates before the inspection of the plant or the completion and delivery of the reports. In signing this engagement letter you are agreeing to all the above terms and conditions.

Cancellations:

The client will receive an invoice for all related direct expenses and research work up to the cancellation date if the client cancels the appraisal prior to its completion.

Changes:

The fee quoted on the Engagement Letter is based on information provided to the appraiser. In engagement situations where the appraiser has not visited the site prior to determining the fee, the appraiser has the right to negotiate a change in the fee if the information provided was not accurate.

Contingencies:

The client will receive up to two (2) hours of post-appraisal discussion and consulting at no charge. If the appraiser is requested to provide additional time for review or if the appraiser is required to testify in any legal matter related to the engagement, the client will be charged at a rate of \$300.00 per hour.

Copies:

Additional copies of the Appraisal Report will be provided at a cost of \$100.00 per report with photos, \$75.00 for report with no photos and \$50.00 for one electronic copy with no photos. This cost includes all office, production and delivery costs associated with providing the additional copies.

Delivery:

The delivery of the final copies of the Appraisal Report will be by the most expeditious method available. If the use of overnight delivery or a courier service is required, the fee will be charged to the client.

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Draft Review:

The client may receive a draft copy of the Appraisal Report for review and acceptance, time permitting. It is the responsibility of the client to review the draft and inform the appraiser of necessary changes, additions, or deletions within three (3) days of receipt of draft. Changes requested after review can result in additional fees.

Expenses:

Direct expenses related to processing the Appraisal Report include the following items: mileage, airfare, airport parking, auto rental, taxi fares, lodging, meals, and permits. Air travel will be arranged at the lowest available cost for direct flights. Lodging will include weekend stays if it results in a lower overall cost to the client.

Separate Reports:

If the appraiser is required to issue the appraisal report to separate and/or additional parties, the client will be charged a fee of \$150.00.

Separation of Assets:

If any assets need to be separated out from the main body of the appraisal report, the appraiser may require additional fees for such separate and distinct sets of reports.

Items not included in Appraisal:

This report is limited to the Machinery and Equipment at the described location and does not include any land, buildings, general inventory, or leasehold improvements.

Grouped Items:

Perishable tooling, inspection hand tools, machine accessories, factory supplies, minor shop equipment, selected business machines and office furnishings will be grouped, identified and evaluated in aggregate as lots.