<table>
<thead>
<tr>
<th>Expenses</th>
<th>Examples</th>
<th>Description</th>
<th>Allocation Methodology</th>
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</thead>
</table>
| Fixed    | • Facility Lease Expense or Depreciation  
          • Equipment Depreciation  
          • Service Contracts  
          • Utilities | The expenses are not dependent on volume.  
They are reoccurring and are often related to the facility and equipment utilized by the practice. | Each physician is allocated some percent of the fixed overhead.  
This percent will vary by practice, but many groups will divide these expenses by the number of physicians in the group with each being allocated an equal amount. |
| Variable | • Staff Expenses  
          • Supply Expenses | These expenses will fluctuate based on the activity or volume within the practice.  
Note: Some groups may consider staff as a fixed expense. | Many practices will allocate these based on the individual physician’s production as a percent of the practice’s total production such as an individual’s professional charges as a percent of the group’s total professional charges. |
| Direct   | • Physician Benefits  
          • CME expense  
          • Transcription  
          • Cell Phone  
          • Malpractice | These expenses can be directly attributed to the physician. | These expenses are incurred by each physician and are directly allocated back to the individual. |