










Business Overview

RE: In-Home Personal Care for Seniors - Non-Franchise

Specifications

 Price \$1,190,000	 Revenue \$1,821,203	 Cash Flow \$362,038
 Location Kansas City	 Account Receivable \$86,567	 Equipment \$7,100
 Employees 7 Support Staff, 130 PT/FT Caregivers (all W2)	 Down Payment 15%	 Reason for Sale Capital to start new business



SUMMARY OF THE BUSINESS –

In-home personal care for seniors is a growing field, and this Kansas City-based, non-franchise firm has 130 full- and part-time Caregivers to meet that demand. Working with 103 families on a weekly basis, clients can choose from a range of services, whether it be quick daily visits or 24/7 care. The average patient bills at 20 – 25 hours each week, and all are private pay or long-term care insurance. A full Support Staff is in place to assist clients and Caregivers, allowing the seller to focus on employee management and company growth.

Started ten years ago with the mission to help seniors be successful and independent in lieu of managed care facilities, clients range in age from 75 to 105-years old. Caregivers assist with homemaking duties (laundry, meals, housekeeping) and/or personal care, such as dressing, grooming and showering. On staff are about 20

Nurses' Aides to care for patients with advanced Alzheimer's, Parkinson's and ALS, with the remaining Caregivers handling everything in between wellness checks to overnight stays.

As the company does not work with Medicaid, Medicare or VA patients, growth exists in reaching out to more long-term care insurance clients, which is becoming a more popular plan. Located in Kansas City, the company does have a small satellite office just west of the Metro, and a buyer should consider offering more services to smaller towns in Kansas and Missouri.

Business Highlights

- Years in Business: 10
- Location and Service Area: Kansas City
- Number of Clients: 103 families on average. Average client has 20-25 billable hours per week. 80% private pay, 20% long-term care insurance. **NO Medicare or Medicaid clients.**
- Programs: Daytime or overnight support visits, medication management
- Building: 1,200 sq. ft. - \$1,550/month lease
- Reason for Selling: Capital to start new company
- Employees: 7 Operational Staff (Scheduler, Office Administrator, Social Worker, Nurse), 130 PT/FT Caregivers (all W2)
- Hours: 24/7 care available, but most require daytime service
- Seller Training Period: 90 days
- Growth Opportunities: More long-term care insurance clients. Expand territory. VA patients – currently not served by the company.
- Current Owner's Responsibilities: Employee management.

Financial Highlights

- List Price: \$1,190,000
- Gross Sales:
 - 2017 - \$1,821,203
 - 2016 - \$1,713,494
- Cash Flow:
 - 2017 - \$362,038
 - 2016 - \$299,192
- YOY Growth: 2017 sales grew by 6%

- Profit Margin: 20%
- Assets Included in Purchase:
 - Equipment: \$7,100 - Standard office furniture and fixtures.
 - Intangible Assets: Reputation and relationships
 - A/R: \$86,567

**amounts may vary*

Cash Flow Analysis

Description of Financial Statement	P&L Statement	Tax Return	Tax Return	Tax Return	Notes
	2017	2016	2015	2014	
GROSS SALES	\$1,821,203	\$1,713,494	\$2,097,274	\$2,189,086	
Net Income Shown on Financial Statement	\$98,036	\$33,810	\$-24,444	\$78,114	
ADDBACKS					
Interest	\$0	\$5,578	\$6,971	\$28,869	<i>Non-onward going expense</i>
Depreciation	\$0	\$23,901	\$6,867	\$26,720	<i>Non-cash item</i>
Compensation to Owner	\$191,000	\$156,000	\$147,900	\$140,200	<i>Located in Salaries & Wages</i>
Discretionary Expenses	\$71,802	\$78,703	\$0	\$0	<i>See Proof of Addbacks Key</i>
Cell Phone	\$1,200	\$1,200	\$1,200	\$1,200	<i>\$100/month</i>
TOTAL ADDBACKS	\$264,002	\$265,382	\$162,938	\$196,989	
Seller's Cash Flow = Total Addbacks + Net Income	\$362,038	\$299,192	\$138,494	\$275,103	
Profit Margin	19.88 %	17.46 %	6.60 %	12.57 %	

- 20% profit margin in 2017 with Cash Flow of \$362,038
- 2017 sales grew by 6%

Clients

Payment

- Clients are 80% private pay / 20% long-term care insurance
- Company DOES NOT serve Medicaid, Medicare or VA seniors due to poor reimbursement
- Average client has 20 – 25 billable hours in a week

Demographics

- Average of 100 – 115 families receiving care
- 75 – 105 years of age
- Homemaker support – laundry, meals, housekeeping
- Personal care – dressing, grooming, showering

- Array of clients with different needs, from light personal care to advanced Alzheimer's, Parkinson's and ALS
 - Clients with debilitating health conditions are seen by Nurses' Aides

Program Breakdown

- 60 – 65 clients receiving care in Kansas City
- 4 – 10 clients receiving care in greater Kansas City area
- 30 clients under Shared Care program (*Caregivers come into client's independent living facility to help with small tasks*)
- 20 enrolled in medication management program

Employees

- **7 Support Staff**
 - 2 FT Client Care Managers
 - 1 FT Sales/Marketing Rep
 - 1 PT Office Administrator
 - Long-term care insurance, A/R
 - 10 hours/week
 - 1 PT Scheduling Assistant
 - Works with Client Care Managers
 - 20 – 25 hours/week
 - 1 PT Social Worker
 - Leads continuing education program
 - Most referrals come from social workers – most powerful sales tool
 - 1 PT Nurse
 - Manages prescriptions, fills pill bottles and leads Medication Management program
- **130 FT/PT Caregivers**
 - All W2 employees
 - Variable-hour employees
 - Some prefer to work 6 – 8 hours/week, while others prefer 40 hours/week (about 1/3)
 - Varying skillsets
 - About 15% are Nurses' Aides

- Handle personal care to homemaker support, depending on desires
- Caregivers are matched with seniors

Growth Opportunities

- More long-term care insurance clients
 - About 20% of current clients pay through long-term care insurance
 - This is a growing market that needs to be tapped into to grow the client base
- Expand territory
 - Company has a satellite office just west of Kansas City
 - Other satellite offices can be added to expand services to smaller towns across Kansas and Missouri
- Accept Medicaid/Medicare/VA patients
 - As reimbursement rates can create cash flow issues, the seller has not worked with these clients
 - However, since the company is profitable and thriving with its current client base, a buyer could consider accepting Medicaid, Medicare and VA customers

Valuation Details

The Firm Business Brokerage used a Cash Flow Valuation methodology to determine the Purchase Price of the business. The formula used is as follows:

$$\text{Cash Flow} \quad \times \quad \text{Multiplier} \quad = \quad \text{Price}$$

“Cash flow” is the sum of net income plus any owner perks and non-onward going expenses.

“Multiplier” is a prescribed number between 1 and 5 determined by a 100-point, 20-question rating system used to determine the business valuation (average is 3).

The Cash Flow for 2016 & 2017 is averaged to \$330,615. The prescribed multiplier is 3.6.

With this information, the computation result follows:

$$\$330,615 \quad \times \quad 3.6 \quad = \quad \$1,190,214$$

The List Price for the business is set at **\$1,190,000**.

Funding Example

Purchase Price:	\$1,190,000
15%Buyer Down Payment:	\$178,500
15%Seller Financing:	\$178,500
70%Bank Loan:	\$833,000

Seller Financing 5-year term at a rate of 4.50% equals a monthly loan payment of \$3,328.

Bank Loan 7-year term at a rate of 5.50% equals a monthly loan payment of \$11,970.

After business expenses and annual loan payments of \$183,576, a buyer would retain a net operating income (profit) of \$115,616. A 15% down payment of \$178,500 results in a 65% return on investment in the first year.

Please note that the decision of whether to extend a loan on any sale belongs to the bank, and this document does not guarantee specific terms or verify that financing is available.

To receive a full financial package and specific information regarding this business:

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to info@TheFirmB2B.com
2. Call The Firm Business Brokerage at 402.998.5288 to schedule an appointment or conference call with a Broker.

The Firm currently has over 90 cash flowing businesses available. If you find that this is not a fit for you, please let us know and we would be happy to provide you with other opportunities.

The Firm makes no warranties or representation in consideration to the information provided above. All communication regarding this business must occur directly with The Firm Brokerage, LLC.