













Business Overview

RE: San Bernardino County Urgent Care Pet Clinic

Specifications

 Price \$2,200,000	 Revenue \$1,812,376	 Cash Flow \$577,311
 Location San Bernardino County, California	 Employees 10 Vet Techs, 1 Lead Vet Tech (RVT), 1 Practice Manager, 3 Customer Support Specialists, 4 DVM's (3 are small animal medicine, 1 is fixed animal medicine)	 Profit Margin 32%
 Equipment \$232,637	 Inventory \$32,000	 Accounts Receivable \$2,200
 Reason for Sale Retirement	 Intangible Assets Website, referral base, competitive edge, excellent location	 Valuation \$2,193,782



SUMMARY OF THE BUSINESS –

This San Bernardino County emergency/urgent care pet hospital has grown significantly over the years due to

a large referral base of 40 – 50 local general practice hospitals and clinics. A full support staff is in place, from Veterinary Technicians - including Registered Veterinary Technicians (RVT) - to Customer Support Specialists and a Practice Manager. While the hospital focuses on small animal emergency/urgent care, 1 DVM practices mixed animal medicine and will be integral in expanding that client base. Minimal competition and an excellent location place this emergency facility in a great position for continued growth.

Services include urgent care, surgery, digital radiography, ultrasound diagnostics, complete in-house IDEXX laboratory capabilities, pharmacy, and more. Located in a strip mall adjacent to a busy street and just off the main freeway (I10), the hospital has spacious facilities to house 3 exam rooms, a large open treatment area, surgical suite, radiology room, isolation room, laboratory area and approximately 30 kennels, including 2 large runs. Attending the animals are 10 Veterinary Technicians and 1 Lead Veterinary Technician (RVT). The seller is 1 of 4 DVM's.

Growth exists in opening a second location to capture additional clients, day time operation with specialty services, or incorporating more large animal services. Either way, this is a thriving practice with a strong client base that will continue to grow for years to come.

Business Highlights

- Location and Service Area: San Bernardino County, CA
- Number of Clients: 40 – 50 referring hospitals
- Services: Emergency/urgent care, surgery, digital radiography, ultrasound, electro-cautery, in-house IDEXX lab services, pharmacy, and more
- Building: 3,000 sq. ft. - 3 exam rooms, pharmacy, large open treatment area, x-ray room, isolation room, surgical suite, laboratory area, approximately 30 kennels
- Reason for Selling: Retirement
- Employees: 10 Vet Techs, 1 Lead Vet Tech (RVT), 1 Practice Manager, 3 Customer Support Specialists, 4 DVM's (3 are small animal medicine, 1 is mixed animal medicine)
- Hours: Mon – Fri 6pm to 8am, Sat & Sun 24/7, and major holidays
- Seller Training Period: 90 days
- Growth Opportunities: Second location. Daytime operation with specialty services. Increased large animal services.
- Current Owner's Responsibilities: Oversight, and 1 of 4 DVM's

Financial Highlights

- List Price: \$2,200,000
- Gross Sales
 - 2017: \$1,812,376

- 2016: \$1,796,027
 - 2015: \$1,330,284
- Owner Profit/Cash Flow
 - 2017: \$577,311
 - 2016: \$554,278
 - 2015: \$364,113
- Profit Margin: 32%
- Assets Included in Purchase:
 - Equipment: \$232,637
 - Intangible Assets: Website, referral base, competitive edge, excellent location
 - Inventory: \$32,000
 - A/R: \$2,200

**amounts may vary*

Cash Flow Analysis

Description of Financial Statement	Tax Return	Tax Return	Tax Return	Notes
	2017	2016	2015	
GROSS SALES	\$1,812,376	\$1,796,027	\$1,330,284	
Net Income Shown on Financial Statement	\$288,669	\$348,325	\$147,686	
ADDBACKS				
Compensation to Owner	\$60,000	\$60,000	\$60,000	
11% Tax on total W2 Salaries	\$6,600	\$6,600	\$6,600	
Depreciation	\$20,258	\$26,071	\$34,210	Non-cash item
Interest	\$24,294	\$25,256	\$12,280	Non-onward going expense
Contributions/Donations	\$0	\$580	\$0	Non-onward going expense
Meals & Entertainment	\$4,477	\$1,819	\$4,860	50% personal expenses
Auto-Personal Use	\$34,830	\$33,990	\$19,598	90% are personal auto expenses
Consultant Wage	\$92,578	\$90,000	\$140,000	Paid to owner
Travel	\$13,895	\$31,637	\$8,879	Owner's personal travel
Employee Benefits	\$31,710	\$0	\$0	Personal expense
TOTAL ADDBACKS	\$288,642	\$275,953	\$286,427	
Seller's Cash Flow = Total Addbacks + Net Income	\$577,311	\$624,278	\$434,113	
Profit Margin	31.85 %	34.75 %	32.63 %	

- 32% profit margin in 2017

Employees

- 10 FT Veterinary Technicians
- 1 FT Lead Veterinary Technician (RVT)
 - Trains Veterinary Technicians, handles inventory and leads patient care
 - Manages Veterinary Technicians
 - Managed back office operations
- 1 Practice Manager
 - Handles day-to-day operations and accounting

- Manages Customer Support Specialists
- 3 FT Customer Support Specialists

Seller is 1 of 4 DVM's, 3 of whom exclusively practice small animal medicine and 1 practices mixed animal medicine (sheep, goats, etc.).

Services

- Emergency/urgent care
- Surgery with fully-equipped surgical suite, including advanced ventilator system, central oxygen/scavenger system, and electro-cautery
- Digital radiography
 - Hospital has an account with a remote Radiologist for further review
 - Less than 5 digital films per month are sent for specialist's opinion
- Ultrasound diagnostic
- Pharmacy
- Anesthesia
- Complete IDEXX in-house laboratory services
 - Majority of laboratory work is provided in-house
 - On average, 1 or 2 samples per month are sent elsewhere for advanced diagnostics

Additionally, the hospital has a great relationship with the local Police Department and contracts with local Animal Control for treatment of stray and injured pets brought to the facility by a "good Samaritan." The contract with Animal Control is renewed yearly and has been in place for 2 ½ years, with all services being billed to Animal Control.

Growth Opportunities

- Open a second location
 - Hospital has minimal competition in the immediate area, with the closest competitor approximately 15-20 minutes away, which can be crucial during times of emergency
 - A second location in another part of San Bernardino County or expanding into an adjacent county would increase client base
- Daytime specialty services
 - Due to the lack of veterinary specialists in the immediate location, expanding the daytime hours of the practice to incorporate specialty services (i.e. Dermatology, Ophthalmology, Radiology)

can not only provide added recognition of the emergency services, but also increase revenue by providing 24-hour care of critically ill patients

- Expand large animal services
 - 1 DVM practices large animal medicine, such as sheep and goats
 - Expansion of these services, especially to hobby farms, is a great revenue stream
 - Currently these patients need to be brought to the hospital, but a buyer could consider mobile services

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 2017 is \$577,311, and the prescribed multiplier is 3.8.

With this information, the computation result follows:

$$\$577,311 \quad \times \quad 3.8 \quad = \quad \$2,193,782$$

The List Price for the business is set at **\$2,200,000**.

Funding Example

Purchase Price: **\$2,200,000**

10%Buyer Down Payment: \$220,000

15%Seller Financing: \$330,000

75%Bank Loan: \$1,650,000

Seller Financing 5-year term at a rate of 4.50% equals a monthly loan payment of \$6,152.

Bank Loan 10-year term at a rate of 5.25% equals a monthly loan payment of \$17,703.

After business expenses and loan payments, a buyer with a down payment of \$220,000 would retain a profit of \$291,047, which results in a 132% return on investment in the first year!

A lender is required to have a minimum 1.5 coverage ratio for any business loans extended. At a proposed Purchase Price of \$2,200,000 with the terms listed above, the coverage ratio is 2.02.

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.