










## Business Overview

### RE: Counseling & Residential Reentry Service in High Demand

## Specifications

 Price \$805,000	 Revenue \$1,172,281	 Cash Flow \$276,931
 Equipment \$134,730	 Down Payment 10%	 Multiplier 3.50
 Industry Health/Dental/Professional Medical Services	 Location Central Nebraska	 Reason for Sale Owner taking over family ranch



### SUMMARY OF THE BUSINESS –

Well-run programs and credentialed staff complement this Southeastern Nebraska residential reentry company showing consistent 7-figure gross sales. Recently gaining a new \$70,000 monthly contract as well as a large federal grant, this business offers 80% residential rehabilitation and 20% clinical therapy, with clients referred by the State of Nebraska, Federal Bureau of Prisons, and U.S. Pretrial Services. Programs include life skills, counseling, drug testing, vocational assessment, formal education & certificate training, and case management.

This organization is the only facility in Nebraska following the federal reentry practice model, and is in the top 5% among 75 comparable facilities. Housing men and women, this company does not serve youth offenders,

but has been approached to do so, making that an avenue for growth. Staff comprises 13 employees specializing in life skills, home reintegration, and case management, as well as facility monitoring. The current owner is responsible for human resources, business strategy and building modifications, and is not licensed in therapy or social work.

In place are long-standing contracts with the State of Nebraska, U.S. Pretrial Services and Federal Bureau of Prisons for residential and clinical therapy services. These contracts could be grown with an expansion of residential facilities, increase in therapy for non-residents after their reentry into society, and a new owner could seek out the millions in federal grants available to such facilities.

## Business Highlights

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- **Established:** 1999
- **Location and Service Area:** Central Nebraska
- **Capacity:** 50 residents both male & female, no youth
- **Client Mix:** 80% residential rehabilitation, 20% clinical therapy
- **Programs**
  - Life skills
  - Counseling
  - Drug testing
  - Vocational assessment
  - Formal education & certificate training
  - Case management
- **Employees:** 13
  - 1 executive director
  - 1 vocational & life skills specialists
  - 1 home reintegration specialist
  - 1 case manager
  - 1 facility staff supervisor
  - 1 admin assistant
  - 7 hourly facility monitors
- **Standing Contracts for residents with:** State of Nebraska, Federal Bureau of Prisons, U.S. Pretrial Services
- **Reason for Selling:** Owner taking over family ranch
- **Seller Training Period:** 60-Day transition

- **Growth Opportunities:** Clinical program expansion to allow for additional non-residential clientele, expand residential services in existing facility and across the state, seek more grants, add youth
- **Current Owner's Responsibilities:** Human Resources, business strategy, building modifications

## Financial Highlights

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- List Price: \$805,000
- Gross Sales:
  - 2016: \$1,172,281
  - 2015: \$1,598,951      **\*\* Continual increase in gross sales and cash flow as reflected**
  - 2014: \$1,225,710      **in the Cash Flow Analysis below**
- Cash Flow:
  - 2016: \$276,931
  - 2015: \$245,382
- Profit Margin: 15%
- Assets Included in Purchase: \$134,730
  - 2005 Chevy Van (\$4,100 Blue Book value)
  - 2003 Chrysler Town & Country (\$1,600 Blue Book Value)
- Intangible Assets:
  - Trained staff
  - Comprehensive manuals
  - Complete website
  - Standing contracts with State of Nebraska, Federal Bureau of Prisons, U.S. Pretrial Services
- \$70,000 contract
- Referral sources pay for offenders' programs

*\*amounts may vary*

# Cash Flow Analysis

Description of Financial Statement	P&L Statement January - December	Tax Return	Tax Return	Tax Return	Notes
	2016	2015	2014	2013	
<b>GROSS SALES</b>	\$1,172,281	\$1,598,951	\$1,225,710	\$1,138,074	
% Change Over Prev. Year	-26.68 %	30.45 %	7.70 %		
<b>Net Income Shown on Financial Statement</b>	\$105,767	\$98,144	\$34,213	\$21,833	
<b>ADDBACKS</b>					
Compensation to Owner	\$84,000	\$92,974	\$76,000	\$76,000	
11% Tax on total W2 Salaries	\$9,240	\$10,227	\$8,360	\$8,360	
Depreciation	\$40,779	\$14,373	\$15,454	\$17,529	Non-cash item
Interest	\$0	\$1,184	\$4,276	\$2,322	Non-onward going expense
Long Term Disability Insurance	\$4,678	\$4,679	\$4,679	\$4,679	Owner's insurance
Travel	\$3,223	\$3,899	\$6,892	\$14,921	Meals, airfare and entertainment unrelated to business
2nd Location Rent	\$26,883	\$0	\$0	\$0	\$550/mo for rent at second location
Contributions/Donations	\$2,361	\$3,871	\$0	\$0	
Repairs & Maintenance	\$0	\$0	\$0	\$71,991	One-time expense paid by the business
<b>TOTAL ADDBACKS</b>	\$171,164	\$131,207	\$115,661	\$195,802	
<b>Seller's Cash Flow = Total Addbacks + Net Income</b>	\$276,931	\$229,351	\$149,874	\$217,635	
Profit Margin	23.62 %	14.34 %	12.23 %	19.12 %	

- 7x increase in net income between 2013 and 2016
- Sales have averaged \$1.3m for the past three years (2014-2016)

## Offered Programs

- **General Programs**
  - Drug Testing
    - Urine & alcohol
    - **Life Skills Programs**
      - Transition Skills

- Basic Money Management
- Cognitive Behavioral Therapy
  - Moral recognition therapy class
- Parenting
- Family Reunification
- **Vocational Rehabilitation Programming**
  - Vocational Assessment
    - Resume development
    - Interviewing skills training
    - Supervisor/co-worker communication skills training
    - Job seeking skills training
    - Job securing (getting) skills training
    - Job keeping skills training
  - Individual Program Plan
  - Formal Education and Certificate Training (via Community College)
    - HVAC
    - Welding
    - CDL programs
- **Case Management**
  - Orientation
  - Risk and Needs Assessment
    - Done immediately to determine appropriate programs
  - Individual Program Plan
  - Weekly and Bi-Weekly Progress Meetings
  - Release Planning
  - Home Reintegration Monitoring
    - check in on transition after leaving facility (parole comes to facility for checks)
- Counseling – Mental Health and Substance Abuse
- Polygraph Testing

**\*\* SERVICES ARE PAID FOR BY THE REFERRAL SOURCE, NOT THE OFFENDER**

## Program Funding

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- Facility houses 50 residents, 25 of whom are provided for by federal grants, and the other 25 are provided for by Federal Bureau of Prisons
- Breakdown of grant income
  - 80% state
  - 20% federal
- Current owner has obtained participation in a grant through 2018 worth \$3.5 million
  - Grant runs from July 2016 – June 2018
  - Based on a reimbursement plan of monthly expenses
    - Expense reporting is due by the 20<sup>th</sup> of the following month
    - Reimbursement time is normally 30 days
  - Reports submitted quarterly to the Nebraska Department of Correctional Services for performance monitoring

## Employee Job Description

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- **Executive Director**
  - \$65,000/year with 8 years experience
  - Mon – Fri; 8am – 4pm
  - Ensure compliance with Bureau of Prisons' required codes, policies, contract provisions and contracted services
  - Manage day-to-day operations including management of personnel and budget
  - Accept and release offenders
    - Includes escorting offenders within or outside the facility
  - Dispense medication
  - Directly supervise offenders within housing areas, including during meals and random or scheduled housing and room searches
  - Manage release records, reports, logs, requests, memos, roster, etc.
  - Oversee Center Discipline Committee
- **Vocational and Life Skills Specialist**
  - \$50,000/year with 2 years experience
  - Mon – Fri; 11am – 8pm

- Process offenders
    - Perform correctional paperwork
  - Develop, evaluation and analyze program needs
    - Facilitate programming
    - Coordinate and integrate inmate training programs
  - Obtain referrals for potential offenders
  - Evaluate progress of offender in the facility
    - Analyze each offender's case and develop parole and release plans
  - Manage all home confinement cases and ensure compliance with program guidelines
  - Make pass and living site verifications, and make job site checks and verifications
  - Directly supervise offenders within housing areas, including during meals and random or scheduled housing and room searches
  - Manage release records, reports, logs, requests, memos, roster, etc.
- **Home Reintegration Specialist**
    - \$40,000/year with 10 years experience
    - Mon – Fri; 10am – 6pm
    - Manage placement of offenders in outside counseling, outreach and employment
    - Develop familiarity with all human resource agencies and network in service area
    - Make pass and living site verifications, make job site checks and verifications
    - Dispense medications
    - Assist Case Manager
    - Directly supervise offenders within housing areas, including during meals and random or scheduled housing and room searches
    - Manage release records, reports, logs, requests, memos, roster, etc.
- **Case Manager/Facility Monitor Supervisor**
    - Case Manager - \$34,300/year with 7 years experience; Facility Monitor Supervisor - \$33,800/year with 3 years experience
    - Mon – Fri; 11am – 7pm
    - Process offenders
      - Perform correctional casework
    - Develop, evaluation and analyze program needs

- Coordinate and integrate inmate training programs
  - Evaluate progress of offender in the facility
    - Analyze each offender's case and develop parole and release plans
  - Manage all offender cases on home confinement and ensure compliance with program guidelines
  - Make pass and living site verifications, make job site checks and verifications
  - Dispense medications
  - Directly supervise offenders within housing areas, including during meals and random or scheduled housing and room searches
  - Manage release records, reports, logs, requests, memos, roster, etc.
- **Facility Staff**
    - \$16/hour with experience ranging from 1 year to 68 years
    - Three shifts Mon-Fri (7:45am – 4:15pm, 3:45pm – 12:15am, or Midnight – 8am)
    - Daily face-to-face interaction and supervision of offenders in all three program components
      - Community Corrections
      - Pre-Release
      - Home Confinement
    - Perform and document random searches of offenders' rooms, living space, and persons
    - Perform physical counts of offenders for accountability
    - Ensure cleanliness of facility, including doing laundry and any other cleaning tasks
      - Ensure offenders complete any required cleaning
    - Dispense medications
    - Directly supervise offenders within housing areas, including during meals and random or scheduled housing and room searches
    - Manage release records, reports, logs, requests, memos, roster, etc.

## Contracts

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- Offenders are referred by
  - State of Nebraska
    - Providing parole programs, vocational programs, counseling

- Federal Bureau of Prisons
  - Vocational rehabilitation
  - Individual parole assessment
- U.S. Pretrial Services
  - Help indicted find work while waiting for trial

## Growth Opportunities

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- Expansion of clinical therapy to service non-residential clientele
- Expansion of residential services in the existing facility and across the state
  - Opportunities with state to open an Omaha facility
- Seek out more grant opportunities
- Add services to youth offenders
  - Current owner has been approached to provide these services

## Valuation Details

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The Firm Business Brokerage used a Cash Flow Valuation methodology to determine the Purchase Price of the business.

The formula used is as follows:

$$\text{Cash Flow} \quad \times \quad \text{Prescribed Multiple} = \quad \text{Fair Market Value}$$

Cash Flow is the sum of business net income plus any owner perks and any non-onward going expenses.

A multiple is prescribed by a 20 question, 100-point parameter ranking system that is used to analyze the current business health. Each question is based on a scale from 1 to 5: 1 being low, 2 below average, 3 average, 4 above average, 5 high. The average of the responses sum is the prescribed multiple.

2016 Cash Flow was used in this formula. With this information, the computation is as follows:

$$\$276,931 \quad \times \quad 3 \quad = \quad \$830,793$$

The Fair Market Value found above positions the List Price of the business at \$805,000.

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](mailto: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.