










Business Overview

RE: Established Vet Practice – Fire Sale!

Serving a 25-miles radius in Northwest Iowa!

Specifications

 Price \$180,000	 Revenue \$428,408	 Equipment \$116,000
 Location Le Mars, Iowa	 Reason for Sale Declining health	 Lease \$1,500
 Intangible Assets Name recognition, website, trusted community member	 Employees 2 Vet Techs, 1 Office Assistant	 Profit Margin 27%



SUMMARY OF THE BUSINESS –

This fire sale small animal vet practice in NW Iowa has been serving the community for over 50 years! With a multiple of 1.6, assets included in the purchase total \$131,000. The office is leased at only \$1,500/ a month with very low overhead. Specializing in cats and dogs, nearby horses and some small farm animals also come to this owner/operator clinic. The owner is selling due to failing health and would be willing to offer compelling negotiations to the right buyer.

A new owner would receive \$84,000 in general DVM equipment, the majority of it purchased within the last 3

years. Nearly \$15,000 in wholesale inventory will transition to a buyer, as well as around \$14,000 in A/R, with 70% of it collectible.

Growth exists in adding grooming services for the current clients, as well as some boarding. The current owner previously worked with large farm animals, but due to health issues has discontinued that practice in recent years. This would be a great area for growth, as the practice is situated in farm country. This business would be perfect for a larger company looking to expand territory or a young vet looking to grow a great business!

Business Highlights

- **Year Established:** 50+ years
- **Location:** Le Mars, Iowa – serving a 25-min radius
- **Services:** Check-ups and urgent care for dogs, cats, horse and some small farm animals
- **Lease:** \$1,500/month
- **Reason for Selling:** Declining health
- **Employees:** 2 Vet Techs, 1 Office Assistant
- **Seller Training Period:** 1 year working 20 hrs./wk.
- **Growth Opportunities:** Add grooming and more vets; current owner has not worked with large animals in recent years, but a new owner could add this service back
- **Current Owner's Responsibilities:** DVM

Financial Highlights

- List Price: \$180,000
- Gross Sales:
 - 2018: \$428,408
- Cash Flow:
 - 2018: \$116,701
- Assets Included in Purchase*
 - Equipment: \$116,000 – autoclave, blood analyzer scanner, digital navigator, therapeutic laser, anesthesia machinery, x-ray
 - Inventory: \$15,000 in wholesale value

- Intangible Assets: Name recognition, website, trusted community member

**amounts may vary*

Cash Flow Analysis

Description of Financial Statement	P&L Statement	Tax Return	Tax Return	Tax Return	Tax Return	Notes
	2018	2017	2016	2015	2014	
GROSS SALES	\$428,408	\$417,410	\$451,893	\$393,689	\$358,220	
Net Income Shown on Financial Statement	\$67,080	\$65,615	\$102,199	\$72,073	\$65,225	
ADDBACKS						
Compensation to Owner	\$10,457	\$12,000	\$12,000	\$12,000	\$12,000	
11% Tax on total W2 Salaries	\$1,150	\$1,320	\$1,320	\$1,320	\$1,320	
Interest	\$0	\$896	\$1,484	\$2,298	\$1,990	<i>Non-onward going expense</i>
Rent	\$23,470	\$25,620	\$26,145	\$26,340	\$20,340	<i>Onward rent of \$1500/month</i>
Health Insurance	\$13,415	\$0	\$0	\$0	\$0	<i>Personal expense</i>
Auto Expense	\$5	\$0	\$0	\$0	\$0	<i>Personal expense</i>
Contributions/Donations	\$1,124	\$0	\$0	\$0	\$0	<i>Non-onward going expense</i>
TOTAL ADDBACKS	\$49,621	\$39,836	\$40,949	\$41,958	\$35,650	
Seller's Cash Flow = Total Addbacks + Net Income	\$116,701	\$105,451	\$143,148	\$114,031	\$100,875	
Profit Margin	27.24 %	25.26 %	31.68 %	28.96 %	28.16 %	

- 27% profit margin in 2018!

Employees

- 2 Veterinary Technicians
 - One has 8 years of service with the clinic
 - One has 3 years of service with the clinic
- 1 Office Assistant
 - Has been with the clinic for 1 year

Equipment

All equipment included in the sale has been purchased within the last 3 years, with the exception of the x-ray machine.

- Autoclave - \$6,000
- Small animal dental unit - \$1,600
- X-ray - \$9,000
- Power dental float – horses - \$4,500
- 2 microscopes - \$1,200
- RK Incinerator model EHA - \$4,000
- Analyzing equipment - \$60,000
 - Replaced blood analyzer and Abaxis vetscan
 - Also does urinalysis
 - Incorporates info into Cornerstone software
 - Monthly fee paid, but credit is given back for usage
- CR4000 digital navigator-3058 - \$21,000
- Gas anesthesia machine - \$2,000
- Therapeutic laser - \$2,300
- Vital signs anesthesia monitor - \$2,500
- Miscellaneous medical equipment - \$3,800

Industry Outlook

- Number of veterinarians employed in Iowa – 1,500+
- Hourly mean wages of around \$37
 - Annual mean wage of \$78,040
- Veterinarians in Iowa earn more than 94% than other animal-related careers in Iowa
- Iowa veterinarian salaries are in the top 93% of all careers in Iowa

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:

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

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 business' prescribed multiple.

For this business, a 2018 cash flow was used with a prescribed multiple is 1.6. With this information, the computation is as follows:

$$\$116,701 \quad \times \quad 1.6 \quad = \quad \$186,722$$

The *fair market value* found above positions the business list price at **\$180,000**

Funding Example

Purchase Price: **\$180,000**

100%Bank Loan: \$180,000

Bank Loan with a 10-year term at a rate of 6% equals a monthly loan payment of \$1,998.

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.