



TRINITY
PORTFOLIO ADVISORS

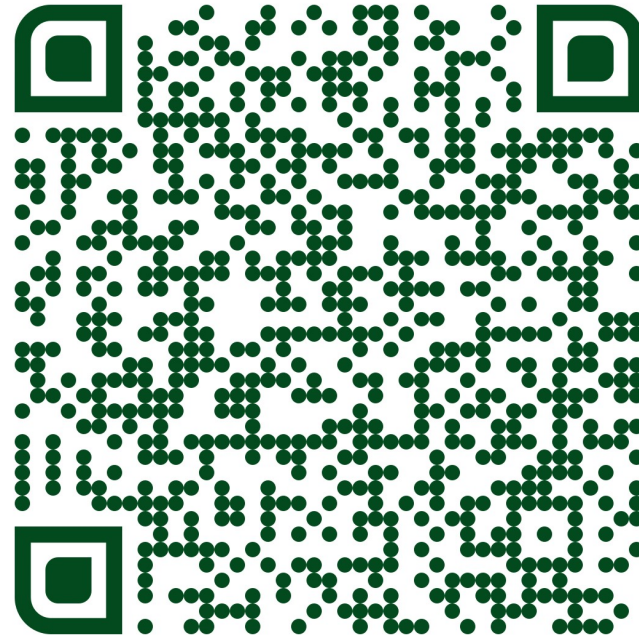
Managing by the Numbers

Thursday, October 17th, 2024

Empowering Veterinarians to Financial Independence

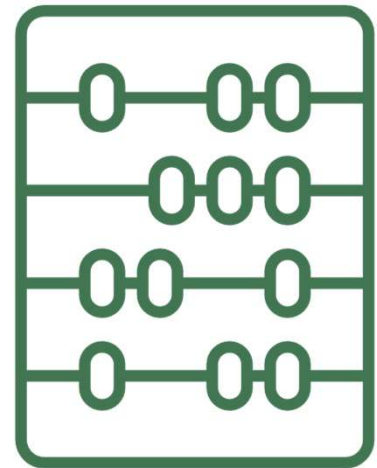
Introduction

- ❖ Agenda
- ❖ Objectives
- ❖ Ground Rules
- ❖ Housekeeping



Keeping Score

- ❖ Evaluate where you are and where you want to go
- ❖ Track performance – trends will appear
- ❖ Learn from the losses – celebrate the wins



The Flow of Financial Statements

Income Statement

 Starts with Revenue
Ends with Net Income

Cash Flow Statement

 Starts with Net Income
Ends with Ending Cash

Balance Sheet

 Starts with Ending Cash
Ends with Capital



LVAH – Income Statement

	2021		2022		2023		LVAH Average	Industry
<i>Gross Revenue Annual Growth Rate</i>			25.40%		8.58%		16.99%	12.81%
Gross Revenue	4,784,135	100.00%	5,999,456	100.00%	6,513,935	100.00%	100.00%	100.00%
Cost of Professional Services	999,626	20.89%	1,268,009	21.14%	1,423,939	21.86%	21.30%	20.43%
Gross Profit	\$3,784,509	79.11%	\$4,731,447	78.86%	\$5,089,996	78.14%	78.70%	79.57%
Administrative Expenses	273,126	5.71%	463,486	7.73%	430,686	6.61%	6.68%	5.85%
Facility & Equipment Costs	335,392	7.01%	364,114	6.07%	402,143	6.17%	6.42%	6.98%
Payroll & Employee Costs	2,471,921	51.67%	3,100,692	51.68%	3,451,910	52.99%	52.11%	50.81%
Depreciation Expense	165,267	3.45%	118,384	1.97%	116,032	1.78%	2.40%	1.58%
Net Ordinary Income	\$538,803	11.26%	\$684,770	11.41%	\$689,225	10.58%	11.09%	15.93%
Other Income	346	0.01%	575	0.01%	27,260	0.42%	0.15%	0.50%
Other Expenses	33,285	0.70%	26,881	0.45%	22,420	0.34%	0.50%	1.23%
Net Other Income / (Expense)	(\$32,939)	-0.69%	(\$26,306)	-0.44%	\$4,840	0.07%	-0.35%	-0.70%
Net Income	\$505,864	10.57%	\$658,464	10.98%	\$694,065	10.66%	10.73%	15.23%
EBITDA	\$704,070	14.72%	\$803,154	13.39%	\$805,257	12.36%	13.49%	15.93%



LVAH – People Cost

	2021		2022		2023		LVAH Average	Industry
Compensation - Professional Staff	958,284	20.03%	1,203,206	20.06%	1,309,750	20.11%	20.06%	18.89%
Compensation - Lay Staff	1,184,364	24.76%	1,463,491	24.39%	1,659,474	25.48%	24.88%	23.81%
Benefits & Other Employee Costs	329,273	6.88%	433,995	7.23%	482,686	7.41%	7.18%	8.12%
Total Payroll & Employee Costs	\$2,471,921	51.67%	\$3,100,692	51.68%	\$3,451,910	52.99%	52.11%	50.81%



LVAH – Labor Leverage

Little Valley Animal Hospital		2021				2022				2023				LVAH Average	
		Production	Share of Production	Compensation	Comp / Prod	Production	Share of Production	Compensation	Comp / Prod	Production	Share of Production	Compensation	Comp / Prod	Share of Production	Comp / Prod
Owner Veterinarians															
Dr. Owner 1	50.00%	857,947	20.21%	188,599	21.98%	983,413	17.65%	213,463	21.71%	1,018,635	18.18%	220,444	21.64%		
Dr. Owner 2	50.00%	834,199	19.65%	253,588	30.40%	989,337	17.76%	332,121	33.57%	1,028,236	18.36%	353,878	34.42%		
Owner Total		\$1,692,146	39.86%	\$ 442,187	26.13%	\$1,972,749	35.41%	\$ 545,583	27.66%	\$2,046,871	36.54%	\$ 574,322	28.06%	37.27%	27.28%
Compensation of 22.00% Over / (Under) Compensated				\$ 372,272				\$ 434,005				\$ 450,312			
				\$ 69,915				\$ 111,579				\$ 124,011			
Associate Veterinarians															
Dr. Associate 1		919,505	21.66%	185,463	20.17%	1,193,995	21.43%	238,394	19.97%	722,491	12.90%	144,193	19.96%		
Dr. Associate 2		784,473	18.48%	158,912	20.26%	926,177	16.62%	186,671	20.15%	1,075,928	19.21%	217,445	20.21%		
Dr. Associate 3		541,837	12.76%	106,108	19.58%	600,170	10.77%	118,788	19.79%	773,240	13.80%	162,369	21.00%		
Dr. Associate 4		187,240	4.41%	38,182	20.39%	487,760	8.75%	98,663	20.23%	629,999	11.25%	134,383	21.33%		
Dr. Associate 5		119,893	2.82%	22,947	19.14%	390,704	7.01%	77,555	19.85%	353,237	6.31%	67,574	19.13%		
Associate Total		\$2,552,948	60.14%	\$ 511,612	20.04%	\$3,598,808	64.59%	\$ 720,071	20.01%	\$3,554,895	63.46%	\$ 725,964	20.42%	62.73%	20.16%
Compensation of 22.00% Over / (Under) Compensated				\$ 561,648				\$ 791,738				\$ 782,077			
				\$ (50,036)				\$ (71,667)				\$ (56,112)			
Total		\$4,245,093	100.00%	\$ 953,799	22.47%	\$5,571,557	100.00%	\$1,265,655	22.72%	\$5,601,766	100.00%	\$1,300,287	23.21%	100.00%	22.80%
Compensation of 22.00% Over / (Under) Compensated				\$ 933,921				\$1,225,743				\$1,232,388			
				\$ 19,878				\$ 39,912				\$ 67,898			
Non-Compensated Revenue				\$ 539,041	11.27%			\$ 427,899	7.13%			\$ 912,170	14.00%		10.80%



Empowering Veterinarians to Financial Independence

The Balance in the Balance Sheet

$$\text{Assets} - \text{Liabilities} = \text{Capital}$$

$$\text{Liabilities} + \text{Capital} = \text{Assets}$$

$$\text{Assets} - \text{Capital} = \text{Liabilities}$$



LVAH – Balance Sheet

	12/31/2021	12/31/2022	12/31/2023
Cash & Cash Equivalents	789,147	872,302	958,665
<i>Days of Operating Expenses in Cash</i>	<i>94 Days</i>	<i>81 Days</i>	<i>82 Days</i>
Accounts Receivable	169,494	142,006	157,114
Inventory	140,467	162,909	156,300
Total Other Assets	156,430	210,785	194,810
Total Assets	\$1,255,538	\$1,388,002	\$1,466,888
Current Liabilities	270,509	277,966	293,303
Long-Term Liabilities	958,153	839,700	771,132
Total Liabilities	\$1,228,661	\$1,117,666	\$1,064,435
(-) Owner Distribution	(145,000)	(415,000)	(561,953)
Remaining Capital	171,877	685,336	964,406
Total Capital	\$26,877	\$270,336	\$402,453
Total Liabilities & Capital	\$1,255,538	\$1,388,002	\$1,466,888



Cash Flow Statement Summary

Net Income

+/- Non-Cash Income Statement Items

Decrease / (Increase) in Assets

(Decrease) / Increase in Liabilities

(Decrease) / Increase in Capital

= **Change in Cash**

+ Beginning Cash

= **Ending Cash**



Show me the money

Little Valley Animal Hospital

Cash Flow Summary

	2022	2023	LVAH Average	Industry
EBITDA	\$803,154	\$805,257		
EBITDA as a % of Gross Revenue	13.39%	12.36%	13.49%	15.93%
Capital Expenditures (CapEx)	\$136,073	\$116,435		
CapEx as a % of EBITDA	16.94%	14.46%	15.70%	12.51%
Principal Repayment	\$118,453	\$68,567		
Principal Repayment as a % of EBITDA	14.75%	8.51%	11.63%	9.00%
Profit Distributions	\$415,000	\$561,953		
Profit Distributions as a % of EBITDA	51.67%	69.79%	60.73%	65.10%



Valuation Methods

- ❖ Asset Valuation
- ❖ Historical Transactions
- ❖ IRS Revenue Ruling 59-60
- ❖ Discounted Cash Flow
- ❖ Multiple



LVAH – Shareholder Return Summary

	2021	2022	2023	LVAH Average	Industry
EBITDA	\$704,070	\$803,154	\$805,257		
DCF Valuation stated as EBITDA Multiple	5.01x	5.01x	5.01x	5.01x	5.71x
Practice Value	\$3,526,696	\$4,023,011	\$4,033,543		
Shareholder Distribution	\$145,000	\$415,000	\$561,953		
Practice Value	\$3,526,696	\$4,023,011	\$4,033,543		
Yield on Value	4.11%	10.32%	13.93%	9.45%	13.10%
Shareholder Distribution	\$145,000	\$415,000	\$561,953		
Total Capital	\$26,877	\$270,336	\$402,453		
Yield on Capital	539.50%	153.51%	139.63%	277.55%	135.36%
Practice Value	\$3,526,696	\$4,023,011	\$4,033,543		
Total Capital	\$26,877	\$270,336	\$402,453		
Value Total Return	13021.67%	1388.15%	902.24%	5104.02%	928.66%



Questions or Comments?

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