

PROFIT & LOSS (P&L) STATEMENTS FOR HEALTHY HOSPITALS



What's a Profit & Loss statement (P&L) and why is it so important?

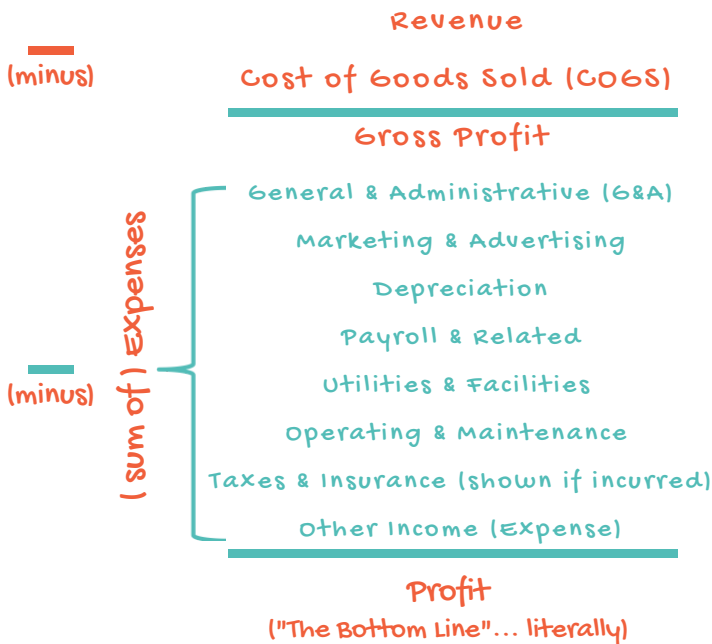
Think of your P&L statement like a health card report for your hospital. It shows the results of financial and operational decisions over time.

It shows your hospital's ability to generate services and manage expenses, and is your best tool for making decisions in the future - without one you might find yourself fumbling around blindly.

What's the structure of a P&L statement?

Your P&L provides a summary of revenues, expenses and profits/losses over a period of time, typically a month, quarter or fiscal year.

Bird's Eye View



Profit & Loss - Detail

Month Ending
06/30/2019

| Revenue | | |
|---|------------------|--------------|
| 4002 - CCP Production | 9,370 | 7 % |
| 4004 - Non-CCP Production | 115,536 | 90 % |
| 4005 - Non-CCP Other | 2,990 | 2 % |
| Total Revenue | 127,896 | 100 % |
| Sales Returns and Discounts | (419) | (0) % |
| Total Revenue | 128,315 | 100 % |
| Cost of Goods Sold | | |
| Cost of Goods Sold | | |
| 5001 - Cost of Goods - In-House Labs & Supplies | 8,926 | 7 % |
| 5002 - Cost of Goods - Outside (Reference) Labs | 0 | 0 % |
| 5003 - Cost of Goods - Outside Services | 1,456 | 1 % |
| 5004 - Cost of Goods - Pharmacy | 7,093 | 6 % |
| 5005 - Cost of Goods - Flea/Tick and Heartworm | 5,209 | 4 % |
| 5006 - Cost of Goods - Food | 2,422 | 2 % |
| 5009 - Cost of Goods - Medical Supplies | 1,743 | 1 % |
| 5010 - Cost of Goods - Retail | 930 | 1 % |
| 5019 - Cost of Goods - Other | 0 | 0 % |
| 5100 - Rebates | (154) | (0) % |
| Total Cost of Goods Sold | 27,625 | 22 % |
| Gross Profit | 100,690 | 78 % |
| General and Administrative Expenses | 2,052 | 2 % |
| Marketing and Advertising Expenses | 0 | 0 % |
| Depreciation: Post-Acquisition | 283 | 0 % |
| Payroll and Related Expenses | | |
| DVM Payroll | | |
| 6000 - DVM Wage Expense | 23,432 | 18 % |
| 6008 - Principal Plan Bonus | 0 | 0 % |
| 6038 - PTO Expense - DVM | 1,438 | 1 % |
| 6041 - Holiday Pay - DVM | 0 | 0 % |
| Total DVM Payroll | 24,870 | 19 % |
| Para Payroll | | |
| 6001 - Para Wage Expense | 30,191 | 24 % |
| 6002 - Overtime Pay | 63 | 0 % |
| 6005 - Hospital Bonus | 0 | 0 % |
| 6039 - PTO Expense - Para | 1,055 | 1 % |
| 6042 - Holiday Pay - Para | 0 | 0 % |
| Total Para Payroll | 31,309 | 24 % |
| Taxes & Benefits | 9,550 | 7 % |
| Total Payroll and Related Expense | 65,729 | 51 % |
| Utilities and Facilities | 10,556 | 8 % |
| Operating and Maintenance Expenses | 47 | 0 % |
| Taxes and Insurance | 651 | 1 % |
| Other Income (Expense) | (636) | (0) % |
| Total Profit/(Loss) | \$ 20,736 | 16 % |
| Additional CCP Profit | 2,461 | 2 % |
| Total Hospital Profit | 23,197 | 18 % |



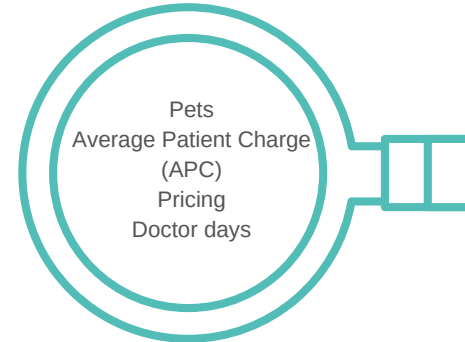
| P&L Line Item | My Level of Control | Target | Drivers |
|--|---|---|---|
| What gets coded where? ... in plain language, please. | Influence... are we talking more like training puppies or herding cats? | How do I keep a finger on the pulse of my hospital? | What do I need to keep an eye on or review regularly? |

REVENUE

Income received from the sales of goods and services.

cash collected | VetsFirstChoice revenue | CCP/existing wellness plan revenue | overages/shortages |

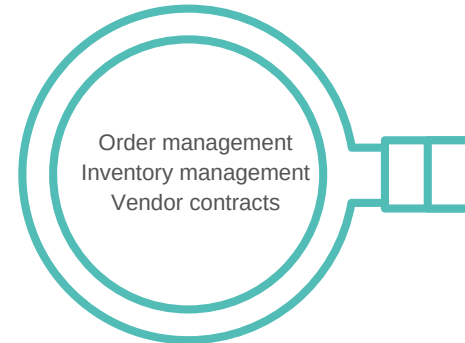
Sales tax paid to state/county/city is deducted from revenue.



COST OF GOODS SOLD (COGS)

COGS refers to the direct costs incurred in the production of goods or services.

in-house labs & supplies | outside labs | outside services | pharmacy | flea/tick & heartworm | food | medical supplies | retail | rebates |

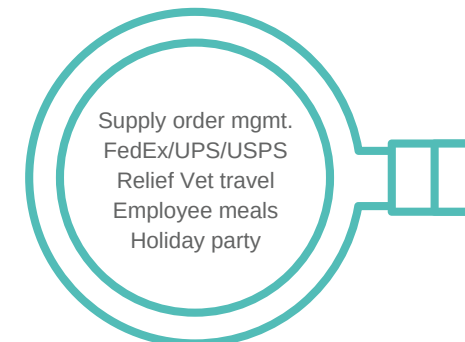


COGS is directly proportional to revenue; as revenue increases, more resources are required to produce goods or services. Conversely, if revenue decreases so should your COGS.

GENERAL & ADMINISTRATIVE EXPENSES

Expenses that relate to the day-to-day operations of the hospital.

charitable contributions | subscriptions to professional organizations | team meetings & events | office supplies | postage | water bottle delivery | printing charges | other expenses related to operations but not tied to rent, labor or insurance |



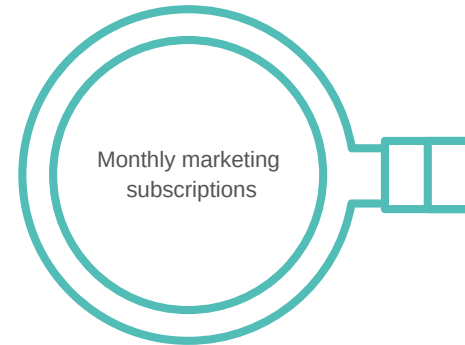


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MARKETING & ADVERTISING EXPENSES

Expenses from any form of advertising.

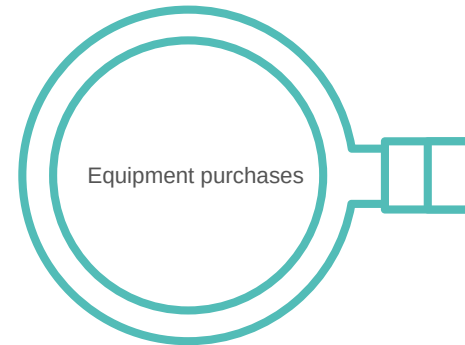
- print
- digital
- television
- direct mail
- other promotional expenses



DEPRECIATION

Depreciation (hard goods) costs are allocated over a specific period of time, usually the asset's useful life.

Straight-line expense of all assets purchased for De Novo build out or purchase of a hospital.

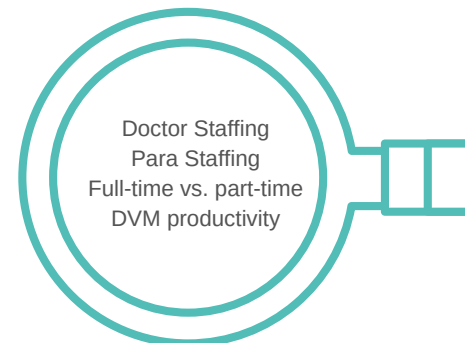


Depreciation is calculated:
Asset cost / months of useful life (60-468 months)

PAYROLL & RELATED EXPENSES

Expenses related to any benefits, salaries, wages and bonuses paid, payroll processing fees and tax expenses.

- DVM wages
- relief doctor wages
- specialist labor wages
- para wages
- para overtime
- PTO
- all bonuses (including sign-on bonuses, production bonuses, principal plan bonuses, hospital bonus)
- holiday pay
- taxes & benefits (including health insurance, licensing & certifications, CE, employer taxes, uniforms and other fringe benefits)
- employer fees including Paycom fees



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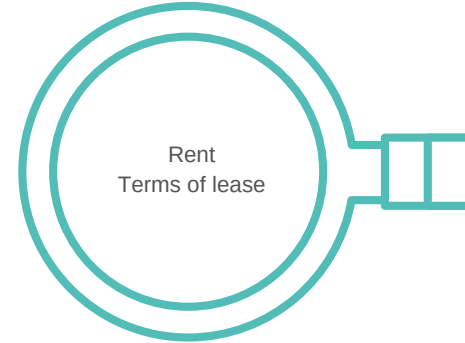
Drivers

What do I need
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or review regularly?

UTILITIES & FACILITIES EXPENSES

Majority of expenses in this category are related to facility rent and NNN (if applicable).

also includes equipment rented or leased | non-recurring repairs and maintenance to the building/equipment | property taxes | utilities | phone service |

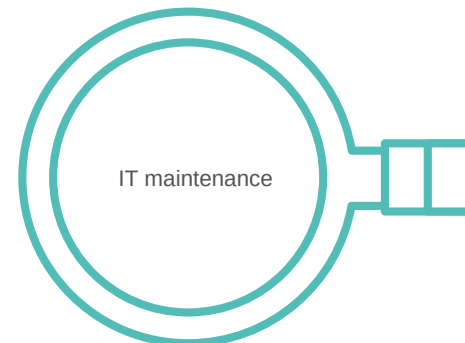


Rent is calculated using the straight-line method, per the Accounting Guidelines. It is entered as the average rent rate over the life of the lease. This means what is reported on the P&L may either be more or less than the actual rent paid, depending if it's near the beginning or end of the lease.

OPERATING & MAINTENANCE EXPENSES

The largest expense allocated to this category would be any professional fees, likely related to IT.

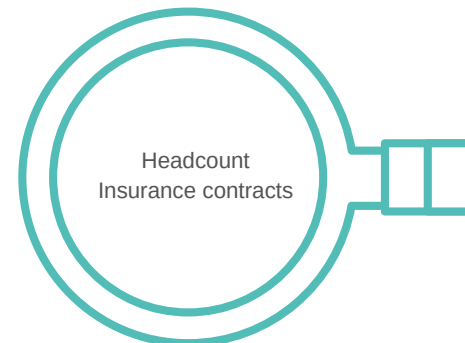
also includes freight charges from vendors



TAXES & INSURANCE

The hospital's portion of insurance expenses are allocated to this category.

worker's compensation | professional liability | business property | general liability insurance



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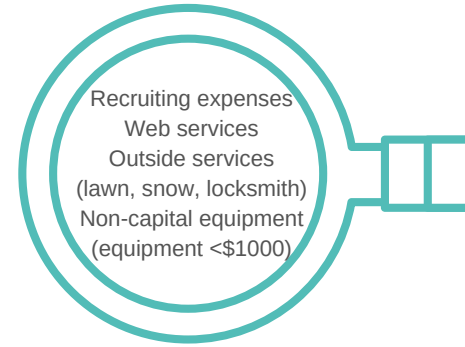
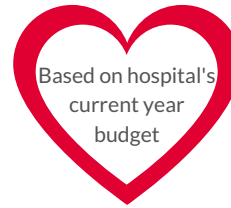
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OTHER INCOME EXPENSE

Expenses that don't quite fit into
other categories.

- job ads
- practice management software
- warranties & support
- CareCredit fees
- credit card processing fees
- bank account fees
- late fees on invoices not received by Campus until after the due date
- cleaning
- landscaping
- security monitoring
- snow removal
- pest control



Use the space below to jot down goals or questions that need follow-up from a budget review.