

“The Process”

What to Expect When Buying a Veterinary Practice

1. Identify veterinary practice
2. Contact seller or seller’s representative and inquire:
 - a. Asking price
 - b. Terms of transaction
 - c. Monthly rent, if applicable
3. Brief consultation with Gatto McFerson, CPA’s to discuss goals
4. Sign Engagement Letter
5. Request items on “Required Documents List”
6. Assist in completing “Veterinary Practice Questionnaire”
7. Return items to Gatto McFerson. Set up conference call within forty-eight hours to discuss documents/questionnaire.
8. Gatto McFerson completes practice valuation, feasibility analysis, and recommends offer terms
9. Conference call to discuss reports and decide on offer to be made
10. Offer is made to seller or seller’s representative. Offer can be made by buyer or by Gatto McFerson. Should also be presented formally in writing. Offer should include:
 - a. Purchase Price
 - b. Down Payment
 - c. Interest Rate, if owner financed
 - d. Term of note, if owner financed
 - e. Rent, if applicable
 - f. Contingencies
11. Negotiations continue until deal is reached.
12. If not owner financed, buyer should pursue financing from outside institution.

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13. If seller does not own building, buyer should discuss lease with third party building owner.
14. Seller prepares first draft of legal documents for sale of practice. Seller decides whether or not to use escrow.
15. Buyer contacts own attorney. Attorney reviews documents and recommends changes. Documents more than likely include asset purchase agreement and covenant not to compete. Depending on deal details, may also include promissory note, real estate lease and/or employment agreement.
16. Allocation of purchase price, which can have major income tax ramifications for both buyer and seller, is prepared by Gatto McFerson.
17. Buyer does due diligence, the purpose of which is to “kick the tires” of the practice. Gatto McFerson provides “Recommended Due Diligence List”, which highlights areas of the practice that should be focused on. Key areas include:
 - a. Financial
 - b. Personnel
 - c. Equipment
 - d. Legal
18. Buyer begins transition process towards ownership. Gatto McFerson provides “Transition List”, which lists out, in detail, what needs to be done before taking ownership of the practice.
19. Buyer finalizes financing and real estate lease.
20. Documents are finalized.
21. Transition List is completed. Buyer is prepared to take possession of practice.
22. Documents are signed. Money is transferred into escrow, or directly to seller.
23. Buyer takes possession of practice.
24. Time to start making money!