A VETERINARY-SPECIFIC FRAMEWORK FOR FINANCIAL CLARITY

The Veterinary Owner's Guide to *Clean Books* & Predictable Cash Flow

How veterinary-specific bookkeeping creates clarity, reduces stress, and supports confident decision-making.



Before You Start

Written for owners who are busy, profitable, and unsure

HOW TO USE THIS GUIDE

You do not need an accounting background. This guide explains **how veterinary bookkeeping should work,** what "clean books" actually mean in veterinary medicine, and how predictable cash flow is created through structure, not guesswork.

Read it start to finish in about 20 minutes, then use the self-assessment in Section 10 and the monthly checklist in Section 6.

THIS GUIDE FOCUSES ON

- ✓ Understanding, not jargon
- ✓ Systems, not shortcuts
- ✓ Veterinary-specific realities, not generic advice

Contents

1 Why profitable practices struggle
2 What clean books mean
3 The chart of accounts
4 Inventory, payroll, timing
5 P&L vs. cash
6 Monthly reports
7 Cash flow as a system
8 When DIY stops working
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10 Self-assessment

Why practices struggle financially, even when profitable

THE CORE PROBLEM

Many veterinary hospitals are profitable on paper but live with ongoing financial stress. This is not caused by poor medicine or lack of effort. It is usually caused by bookkeeping systems that do not reflect how veterinary hospitals operate.

Key insight:
Profit and cash are not the same thing. Without veterinary-specific bookkeeping, owners are forced to manage by intuition instead of clarity.



COMMON SYMPTOMS

- Cash flow anxiety despite strong revenue
- Confusing or untrustworthy financial reports
- Inventory consuming more cash than expected
- Payroll that feels unpredictable
- No confidence in monthly performance

What *"clean books"* really mean in veterinary medicine

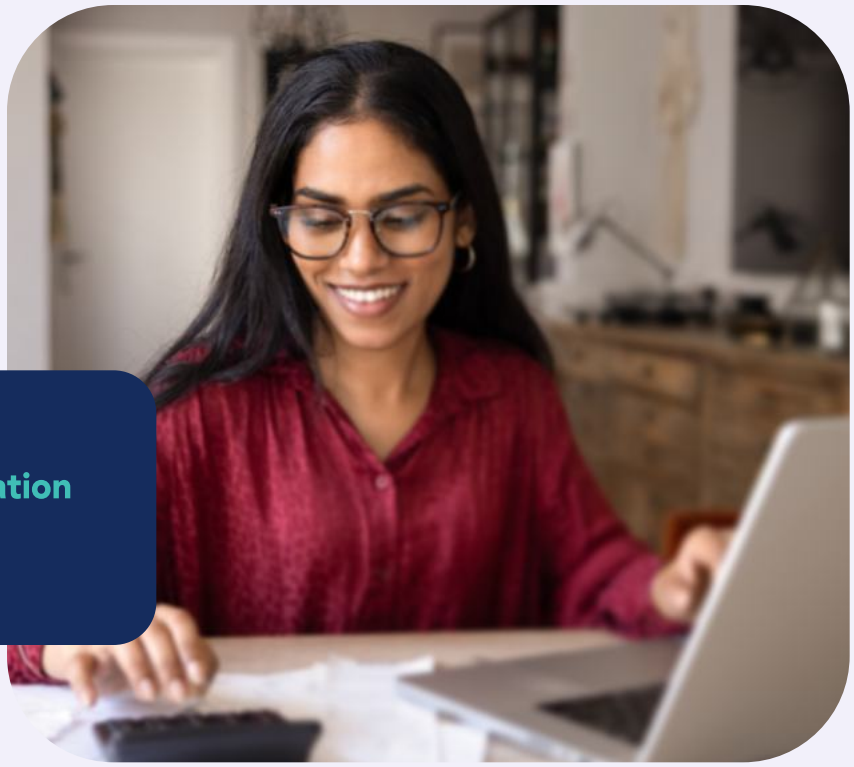
CLEAN BOOKS ARE NOT JUST RECONCILED BOOKS

In veterinary medicine, clean books mean:

- Accurate categorization aligned with veterinary workflows
- Reports that reflect operational reality
- Timely monthly closes
- Consistency month over month

CLEAN BOOKS ALLOW OWNERS TO

- Trust their P&L
- Understand cash flow timing
- Identify problems early
- Make decisions confidently



Clean books are the **foundation of predictable cash flow.**

The veterinary chart of accounts: the foundation

THE CHART OF ACCOUNTS DETERMINES WHAT YOU CAN SEE, AND WHAT STAYS HIDDEN.

A veterinary-specific chart of accounts

- ✓ Separates revenue by service type
- ✓ Distinguishes COGS from operating expenses
- ✓ Supports KPI calculation
- ✓ Aligns payroll and production tracking

WATCH OUT FOR THESE RED FLAGS:

- One or two revenue accounts
- Inventory purchases expensed immediately
- Labor lumped into a single category

EXAMPLE: REVENUE SEPARATED BY SERVICE TYPE

(Illustrative, Not Benchmarks)

- Wellness & preventive
- Diagnostics & lab
- Surgery & anesthesia
- Dentistry
- Pharmacy & retail
- Boarding & ancillary

Without proper structure, **reports cannot tell the truth.**

Inventory, payroll, and cash flow timing

INVENTORY

Purchases reduce cash before revenue is earned. Without tracking, margins are distorted, cash drains unexpectedly, and cost builds up unnoticed.

PAYROLL

Hourly staff, salaried doctors, and production-based pay all land on different schedules, creating cash pressure a P&L never shows.

THE TIMING GAP

Clean bookkeeping shows **when** money moves, not just where it ends up.

Simplified illustration. Actual timing varies by supplier terms and pay schedule.

Order inventory
Cash out

Supplier invoice due
Cash out

Payroll runs
Cash out

Product used, revenue earned and collected
Cash in



Why your P&L can look great while cash feels tight

COMMON CAUSES

- Inventory purchased ahead of revenue
- Payroll paid before cash is collected
- Taxes and debt lagging behind income
- Owner distributions based on incomplete data

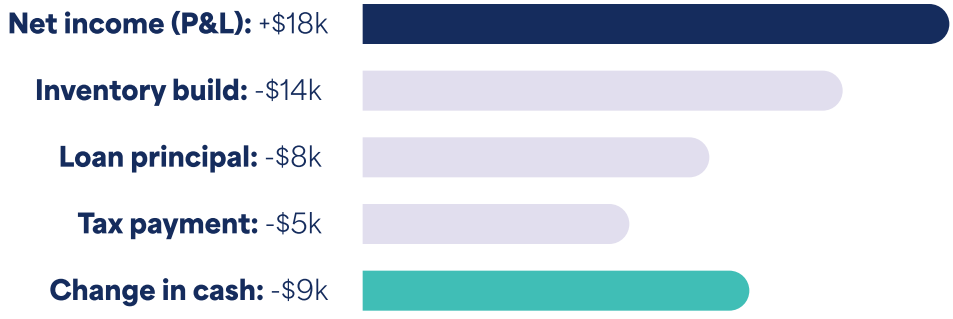
The Solution

Accrual-aware reporting and consistent monthly closes reveal timing issues **before** they become emergencies.



EXAMPLE MONTH: PROFIT UP, CASH DOWN

Illustrative numbers for one hypothetical hospital



A $18k profit can still end the month $9k lower in cash once inventory, loan principal, and taxes are paid.

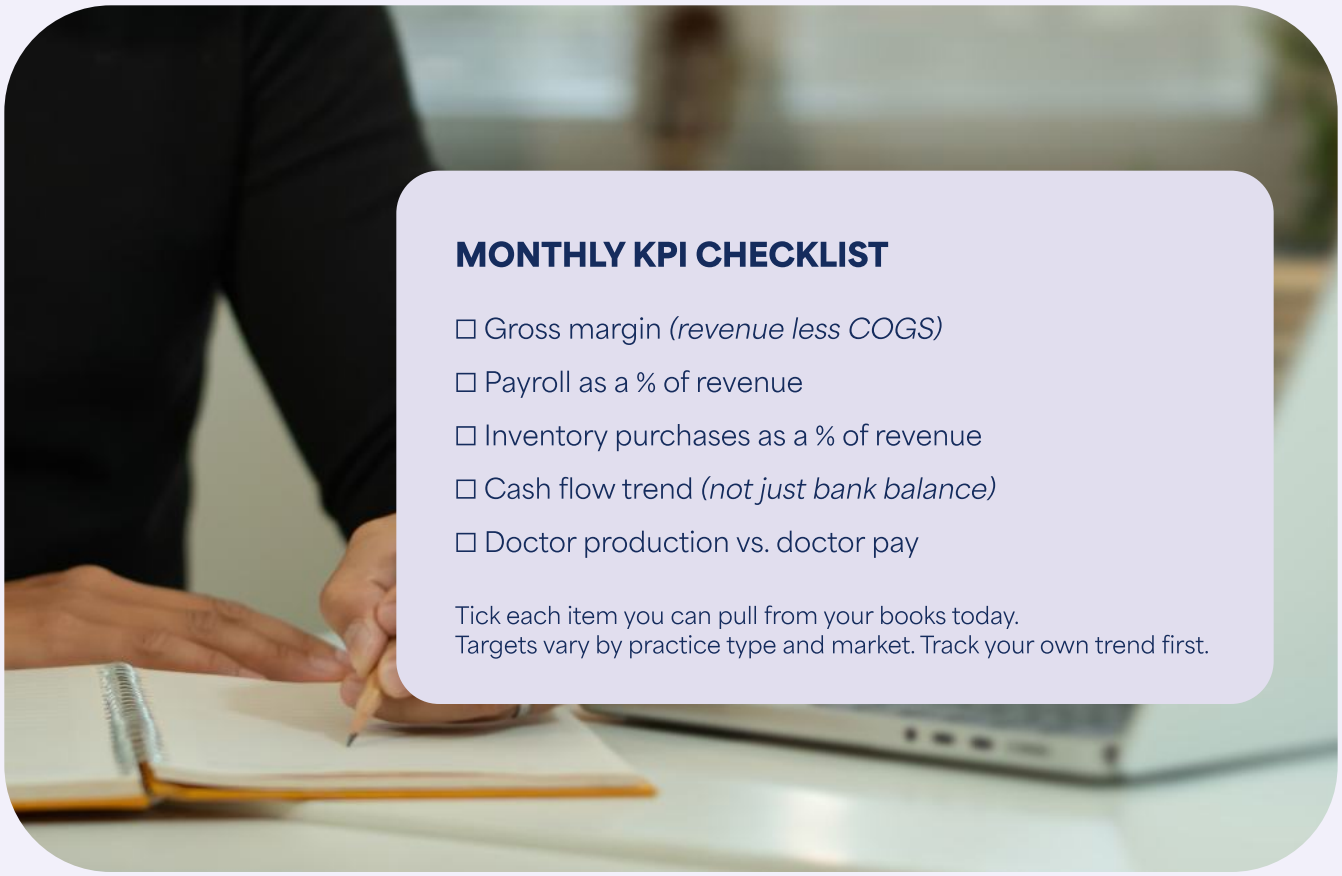
The monthly reports veterinary owners actually need

AT A MINIMUM, YOU SHOULD RECEIVE

- A properly structured profit & loss statement
- Cash flow visibility, not just a bank balance
- A KPI snapshot relevant to veterinary medicine

Reports should be **on time, comparable month to month**, and **easy to interpret.**

If reports create confusion, the system is broken.



MONTHLY KPI CHECKLIST

☐ Gross margin *(revenue less COGS)*

☐ Payroll as a % of revenue

☐ Inventory purchases as a % of revenue

☐ Cash flow trend *(not just bank balance)*

☐ Doctor production vs. doctor pay

Tick each item you can pull from your books today.
Targets vary by practice type and market. Track your own trend first.

Predictable cash flow is a system, not a feeling

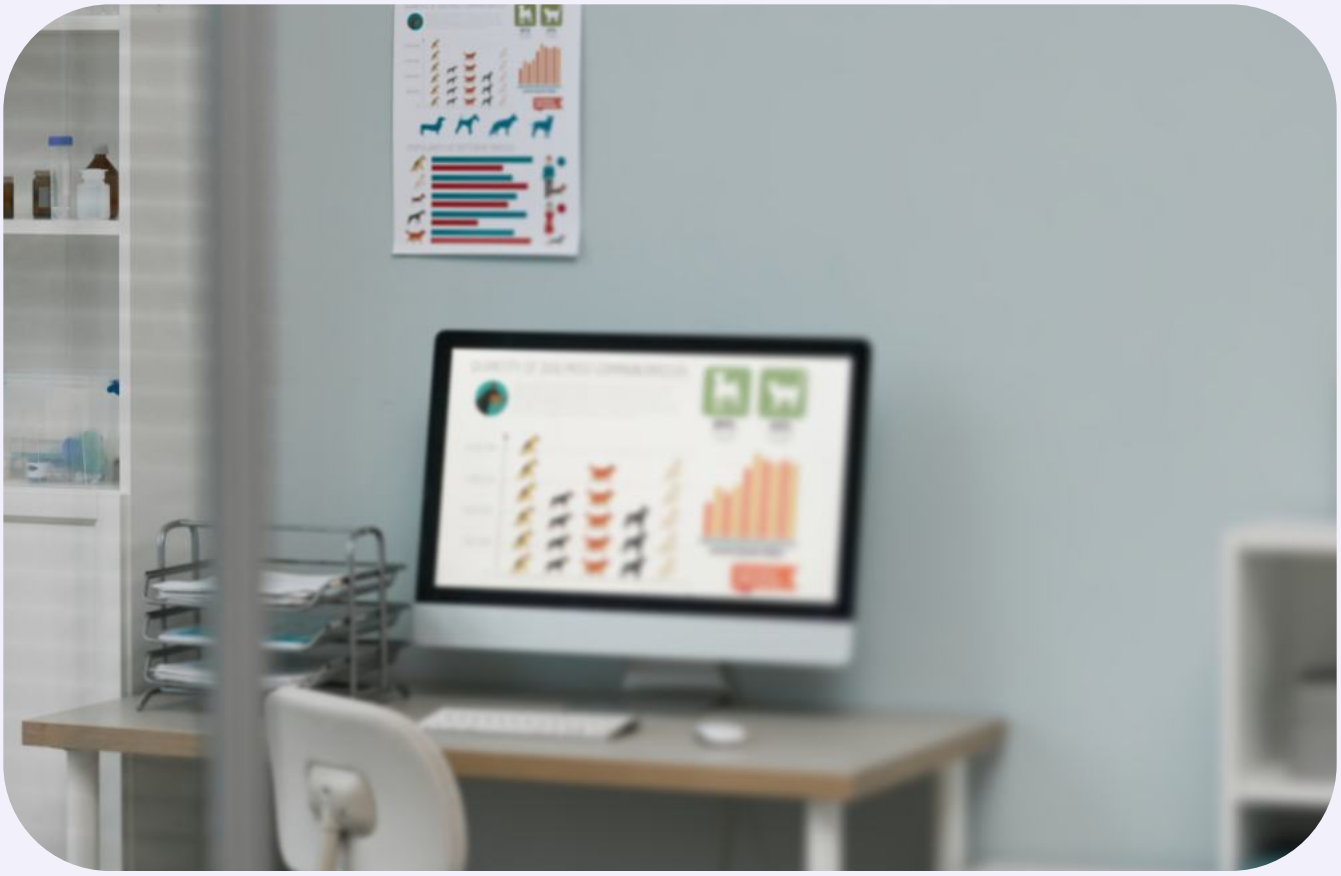
IT COMES FROM

- Accurate categorization
- Inventory discipline
- Payroll alignment
- Consistent reporting cadence

IT DOES *NOT* COME FROM

- Watching the bank balance daily
- Cutting expenses reactively
- Guessing at affordability

Predictability reduces stress, **even when the numbers fluctuate.**



When DIY or generic bookkeeping stops working

Outgrowing basic bookkeeping is common in veterinary medicine. Watch for:

- Delayed monthly reports
- PMS data that does not match accounting
- Lack of confidence in the numbers
- Growth creating more confusion, not clarity

At this stage, veterinary-specific bookkeeping becomes **essential.**

How clean books support growth, lending, and valuation

- Reduce buyer and lender risk
- Shorten due diligence timelines
- Support stronger valuation discussions
- Preserve optionality for owners

Financial cleanup is far more effective before it is urgent.

A practical self-assessment

	Yes	Sometimes	No
Do I trust my monthly financial reports?	◯	◯	◯
Can I explain cash flow changes confidently?	◯	◯	◯
Do I understand inventory and payroll timing?	◯	◯	◯
Are my books structured for veterinary medicine?	◯	◯	◯

Score: Yes = 2, Sometimes = 1, No = 0
Add your total (0 to 8).

How'd you do?

7 - 8 Strong foundation. Keep the cadence going!

4 - 6 Gaps are forming. Start with the chart of accounts and inventory.

0 - 3 Structural issue. A veterinary-specific review is the next step.

Any "no" usually means the issue is **structural, not effort-based.**



Start with *clarity*

Veterinary ownership is demanding enough without financial uncertainty. Clean books and predictable cash flow are not about perfection. They are about understanding, control, and confidence.

Some owners work with a managed services partner to turn these principles into consistent systems. iVET360 helps veterinary hospitals put clean books, reporting, and cash flow clarity into practice.

Take the next step

Take the Bookkeeping Self-Assessment at bookkeeping.vet or call 503-765-6360.

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