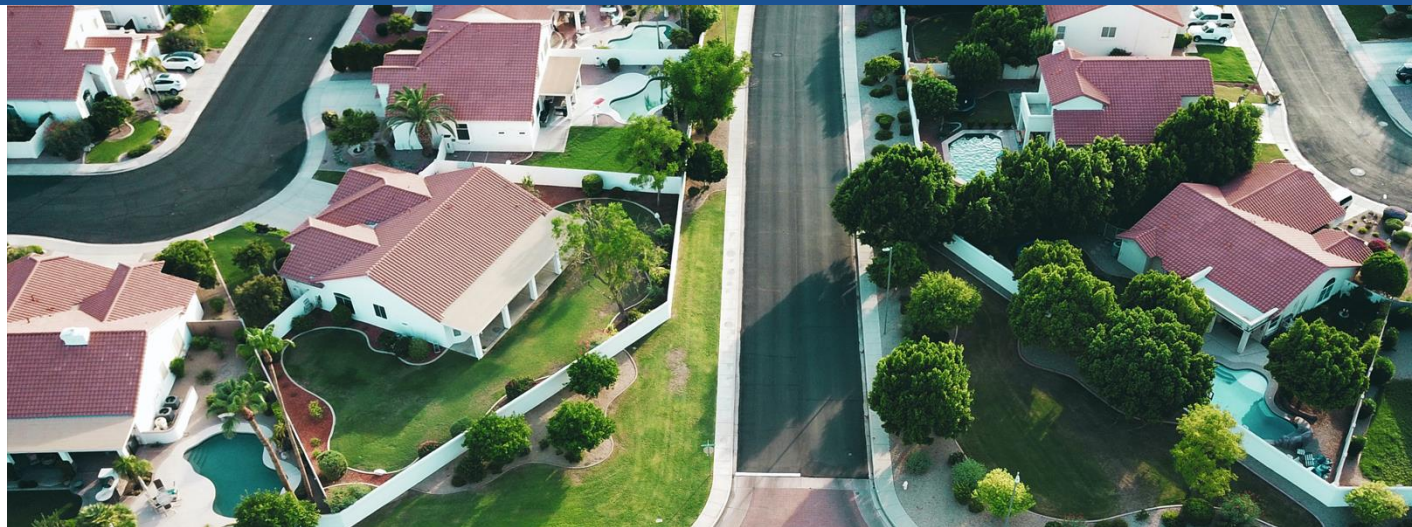


LISTING OPPORTUNITY

Specialized HOA Landscaping Business: \$735,000 Sales; \$237,000 SDE

Commercial Accounts Only with 42 Years of History



SPECIFICATIONS

 Price: \$550,000	 Revenue: \$735,769 (3-Year Avg)	 Cash Flow: \$237,463 (3-Year Avg)
 Location: Santa Clara County, CA	 Service Area: San Francisco Bay Area	 Profit Margin: 32% (3-Year Avg)
 Employees: 6 FT	 Reason for Sale: Retirement	 Goodwill: 42 Yr. Reputation

BUSINESS SUMMARY

- Year Established: 1979
- Services: 42 years of landscape design, installation and maintenance service provider with focus on multi-family HOA properties across the San Francisco Bay Area.
- Clients: 100% HOA properties
- Lease: Home based (new owner may need to lease a storage space for equipment)
- Personnel: 6 FT employees, 1 FT owner and 1 PT owner (admin)

This business acquisition opportunity is for a 40+ year old landscaping company with a stable and pandemic-proof book of HOA clients. 70% of the revenue is generated from recurring maintenance work and 30% from design and installation services. All accounts are currently commercial-only; no residential clients. Maintenance service is conducted for each client account on a weekly basis, four times a month. Design and installation services are provided to clients on as-needed basis.

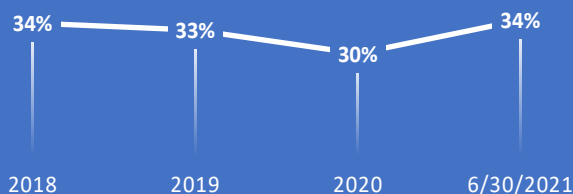
Both of the current owners work in the company with one providing the design services and management to the service team and the other managing administrative duties and bookkeeping.

This business is run from the owners' home. There are 4 vehicles and 3 trailers included in the sale, and in addition, another \$23,000 worth of tools and equipment are included within the asking price.

VALUE PROPOSITION

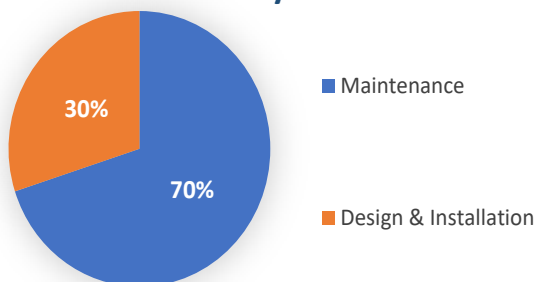
- 42 years of history and reputation
- HOA commercial accounts only
- Long-term customers
- No customer concentration
- 70% recurring revenue from HOA maintenance
- Highly reputable
- Opportunity to add more HOA & residential clients

PROFIT MARGIN

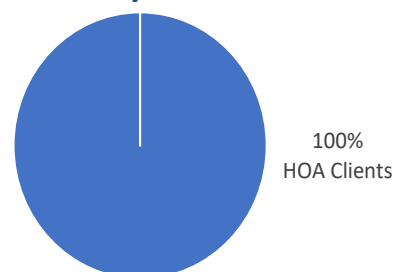


REVENUE BREAKDOWN

Revenue by Service



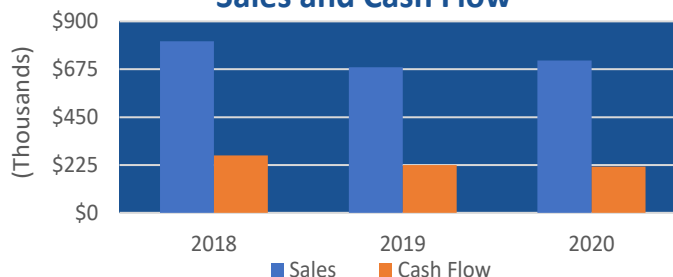
Revenue by Customer



FINANCIAL HIGHLIGHTS

- Listing Price \$550,000
- Full return of 20% down payment in 8 months
- Consistent Revenue averaged \$735K
- Stable Cash Flow (SDE) ranging 30-34% of Revenue
- 6/30/2021 Revenue and SDE in line with historical
- Accounts billed on net 30-day term
- COVID and recession resistant

Sales and Cash Flow



CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2018	Tax Return 2019	Tax Return 2020	P&L YTD 6/30/2021
Sales	\$806,501	\$685,076	\$715,729	\$339,975
Less Cost of Sales	\$104,556	\$95,457	\$120,554	\$71,655
Less Operating Expenses	\$701,763	\$589,604	\$594,095	\$238,890
Equals Net Income Before Taxes	\$182	\$15	\$1,080	\$29,430
Plus Depreciation	\$7,182	\$3,604	\$1,949	\$0
Plus Amortization	\$0	\$0	\$0	\$0
Plus Interest on Loans to Business	\$1,721	\$2,356	\$122	\$327
Plus Officer/Owner's Salary	\$135,000	\$135,000	\$108,025	\$42,786
Plus Payroll Taxes on Officer/Owner's Salary	\$11,678	\$11,678	\$9,344	\$3,680
Equals Preliminary Seller's Discretionary Earnings	\$155,763	\$152,653	\$120,520	\$76,223
Addbacks:				
Auto Insurance	\$1,200	\$1,200	\$1,200	\$600
Auto & Truck Expense	\$7,134	\$1,106	\$4,060	\$2,900
Employee Meetings	\$16,908	\$8,824	\$4,749	\$4,027
Rent Expense	\$38,714	\$25,881	\$56,976	\$27,607
Market Rent Adjustment	(\$18,000)	(\$18,000)	(\$18,000)	(\$9,000)
Computer & Internet Expense	\$1,443	\$1,086	\$3,205	\$859
Dues and Subscriptions	\$1,664	\$2,108	\$464	\$375
Gifts and Entertainment	\$6,155	\$3,181	\$2,854	\$2,221
Owners' Medical Insurance	\$21,962	\$21,574	\$11,272	\$0
Home Maintenance & Cleaning	\$5,763	\$4,221	\$1,650	\$2,529
Office Expense	\$20,590	\$10,018	\$12,799	\$2,681
Shop Supplies	\$2,606	\$1,630	\$5,971	\$1,979
Telephone Expenses	\$2,779	\$3,629	\$3,451	\$334
Utilities	\$5,702	\$5,636	\$6,088	\$1,706
Sum of Addbacks:	\$114,620	\$72,094	\$96,739	\$38,818
Total Seller's Discretionary Earnings (SDE)	\$270,383	\$224,747	\$217,259	\$115,041
Profit Margin	34%	33%	30%	34%

ASKING PRICE

The asking price is determined using a cash flow methodology. Cash flow is the sum of net income from the business plus any non-cash expenses, non-recurring items and any seller's personal expenses. A multi-factor multiplier is applied to the cash flow based on the condition of the business.

For this business, a three-year average cash flow is applied making the business price more favorable to the buyer. The multiplier applied in this case is 2.32x, below the market in favor of the buyer.

CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$237,463} \times 2.32 = \underline{\$550,000}$$

The fair market value found above positions the listing price as:

\$550,000

FUNDING EXAMPLE

Purchase Price: \$550,000

20% Buyer Down Payment	\$110,000	Buyer's equity
80% Bank Loan	\$440,000	10-Year term at a rate of 5.50% = Monthly loan payment of \$4,775

- Cash Flow (3-Year Average SDE): \$237,463
- Annual Payment to Bank: \$57,302
- Net Profit (After Expenses and loan payment): \$180,161

Numbers above
result in full return of
down payment in less
than 8 months.

A lender is usually required to have a
1.25 coverage ratio for a business
loan extended.

At a proposed purchase price of
\$550,000 with the terms listed
above, the coverage ratio is **2.84**.

* 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.