











## LISTING OPPORTUNITY: SB780

# Shoe & Leather Repair- \$123,304 Annual Cash Flow (SDE)

4-Year Average for Gross Sales 273,518



### SPECIFICATIONS

	<b>Price:</b> \$127,000		<b>Revenue:</b> \$273,518 (4-Year Avg)		<b>Cash Flow:</b> \$123,304 (4-Year Avg)
	<b>Location:</b> Santa Clara County		<b>Service Area:</b> Santa Clara County		<b>Profit Margin:</b> 46%
	<b>Employees:</b> Sole Owner/Operator		<b>Reason for Sale:</b> Retirement		<b>Growth Potential</b> Substantial & Proven
	Seller training period is very flexible. Seller will consider working part time at a mutually agreed upon salary for an additional length of time if more training is required.				

Year Established: 1985

Years Owned: 35

Services Offered: On-Site & Mail-in Professional Shoe & Leather Repair, Reconditioning, and Renewal

Equipment Included: Furniture, Machinery, and Equipment Current Value 8,781

Inventory Included: Current Value 1,700

Clients: Men, Women, Children, and Specialty Boutique Shops

Facility & Lease: 790 Square Feet. Monthly Rent 1,442 Per Month. Lease Length 2 Years

Personnel: Currently Just the Owner

Hours of Operation: Wednesday 9-6, Thursday 9-6, Friday 9-6, Saturday 9-5.

This acquisition opportunity is for a well-established, highly reputable 35-year Professional shoe and leather repair shop located in Santa Clara County. The company offers a full range of shoe & leather repair and/or reconditioning. The shop specializes in performing, repairs, reconditioning, and renewal of designer handbags and designer shoes with great care and quality materials. Western boot repairs and reconditioning services for exotic leathers are provided as well.

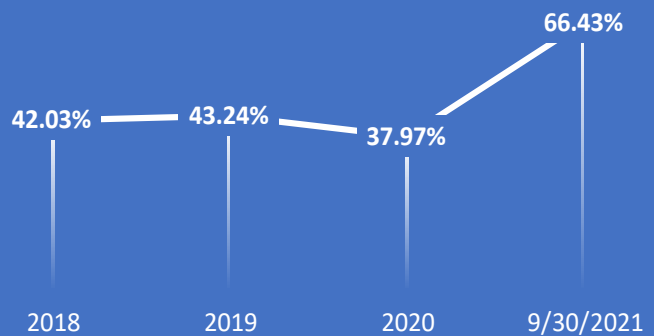
This shop has built its reputation on outstanding customer service, the use of the finest materials, and competitive pricing. The owner of this company has demonstrated that the demand for these types of services is still strong and expanding. As he is approaching retirement age, he has chosen to work fewer hours and not hire employees. His financial records for the current store and prior stores prove what is achievable by just being open more hours and hiring additional staff.

The retiring owner will offer training and transitional support to facilitate buyer's success in the 100% acquisition of this business. Three weeks training at 30 hours per week included. Seller will consider working part time at a mutually agreed upon salary for an additional length of time if more training is required.

## VALUE PROPOSITION

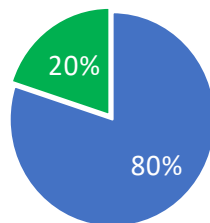
- 35 Years of Established Reputation
- Exceptional Customer Reviews
- 46% Profit Margin 273,518 4-Year Average Sales
- Priced Below Market for Quick Sale - Retirement
- Pandemic Resistant
- Demand for These Services are Timeless

## PROFIT MARGIN



## REVENUE BREAKDOWN

### Revenue by Customer



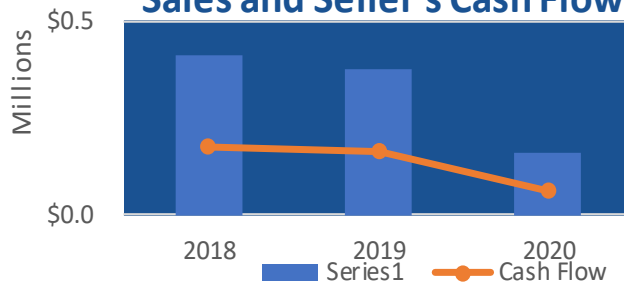
■ Individual Customers

■ Boutique Customers

## FINANCIAL HIGHLIGHTS

- Listing Price \$ 127,000 Including Inventory & Equi
- 273,518 4-Year Average Sales
- 2018 Sales 413,642

### Sales and Seller's Cash Flow



## CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2018	Tax Return 2019	Tax Return 2020	YTD 9/30/2021
<b>Sales</b>	\$413,612	\$374,403	\$161,046	\$144,981
<i>Less</i> Cost of Sales	\$32,906	\$33,183	\$32,906	\$7,735
<i>Less</i> Operating Expenses	\$358,529	325,745	\$211,536	\$163,671
<i>Equals</i> Net Income Before Taxes	\$18,207	\$15,475	(\$69,684)	(\$26,425)
<i>Plus</i> Depreciation				
<i>Plus</i> Amortization				
<i>Plus</i> Interest on Loans to Business	\$7,321	\$7,132	\$4,061	\$888
<i>Plus</i> Officer/Owner's Salary	\$96,200	\$96,200	\$96,200	\$96,200
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary	\$9,620	\$9,620	\$9,620	\$7,995
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$131,348	\$128,427	\$40,197	\$78,658
<b>Addbacks:</b>				
Meals & Entertainment	\$9,653	\$6,729	\$1,500	
Auto Expenses for Owner's Benefit	\$23,930	\$18,443	\$13,209	\$11,735
Other Income			\$1,937	
Contributions	\$3,778	\$3,353		\$3,036
Owners' Pension Plan	\$3,230	\$2,886	\$2,886	\$2,887
Non-Business Phone, Internet & Cell Phone Expenses	\$1,921	\$2,049	\$1,424	
<b>Sum of Addbacks:</b>	<b>\$42,512</b>	<b>\$33,460</b>	<b>\$20,956</b>	<b>\$14,622</b>
<b>Total Seller's Discretionary Earnings (SDE)</b>	<b>\$173,860</b>	<b>\$161,887</b>	<b>\$61,153</b>	<b>\$96,316</b>
Profit Margin	42.03%	43.24%	37.97%	66.43%

## 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 1.85x, below the market in favor of the buyer.

**CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE**

With this information, the computation is as follows:

$$\underline{\$123,304} \times 1.03 = \underline{\$127,000}$$

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

**\$127,000**

## FUNDING EXAMPLE

**Purchase Price: \$127,000**

<b>20% Buyer Down Payment</b>	\$25,400	Buyer's equity
<b>80% Bank Loan</b>	\$101,600	10-Year term at a rate of 5.50% = Monthly loan payment of \$1,422

- Cash Flow (4-Year Average SDE 123,304)
- Annual Payment to Bank: \$13,236
- Net Profit (After Expenses and loan payment): \$110,068

Numbers above  
result in an **87%**  
return on cash in the  
first year.

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

At a proposed purchase price of  
**\$127,000** with the terms listed  
above, the coverage ratio is **8.32**

\* 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.