



## LISTING OPPORTUNITY

**Extremely Reputable Home Inspection Business – \$87,663 Earning**  
**Consistent 3 Year Average of \$183,055 in Sales and 54% Profit Margin in 2021**



### SPECIFICATIONS

 <b>Price:</b> \$240,000	 <b>Revenue:</b> \$177,440 (3-Year Avg)	 <b>Cash Flow:</b> \$87,663 (3-Year Avg)
 <b>Location:</b> Bay Area	 <b>Service Area:</b> Bay Area	 <b>Profit Margin:</b> 49%
 <b>Employees:</b> 1 Full Time, 1 Part Time	 <b>Reason for Sale:</b> Sellers are Retiring	 <b>Goodwill:</b> 16 Year Reputation

### BUSINESS SUMMARY

This well-established, often referred home inspection business has been serving Santa Clara County, Alameda County, and surrounding areas for 16 years. They are the “Go To” inspectors for single family homes, town houses, condos, mobile homes, and apartment buildings.

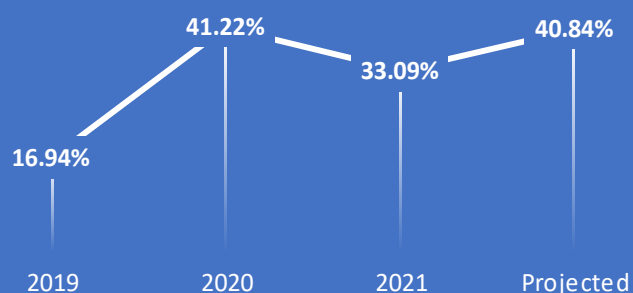
Demand continues to be strong for inspections, with almost every property being sold, there is a request from the seller, buyer, lender, or other interested party. Commercial and business inspections are a source of new clients that remain to be pursued and would increase sales. Two apartment building inspections have been completed already in 2022 towards capturing that segment of the business.

2021 sales included the following inspections, 106 single family dwellings, 65 condos, 17 town houses, and 323 mobile homes, for a total of 511 total inspections. Inspection services are required during the sale of a home, for approving work of contractors, providing evidence for insurance claims, HOA, community and local Department of Housing compliance; several revenue streams which support the notion that the growth potential for this business is very realistic and achievable.

## VALUE PROPOSITION

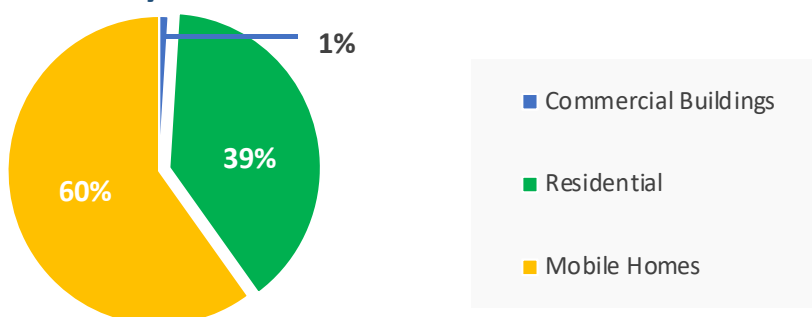
- 16 years of established reputation
- Exceptional customer reviews
- 49% average profit margin on \$183,055 revenue
- Priced Below Market for Quick Sale - Retirement
- Unique, profitable business without inventory
- Realistic growth potential
- Niche market
- Easy to train additional or new inspectors

## PROFIT MARGIN



## REVENUE BREAKDOWN

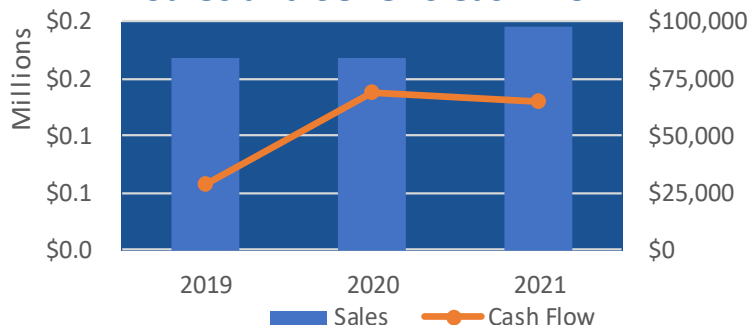
### Revenue by Customer



## FINANCIAL HIGHLIGHTS

- Listing price \$240,000
- Truck, equipment, and software included
- 3 year average revenue 183,055
- 3 year average cash flow \$87,663
- 3 year average profit margin 49%

### Sales and Seller's Cash Flow



## CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2019	Tax Return 2020	Tax Return 2021	YTD Projected
<b>Sales</b>	\$168,051	\$167,970	\$196,198	\$200,000
<i>Less</i> Cost of Sales				
<i>Less</i> Operating Expenses	\$160,862	\$129,813	\$187,212	\$180,000
<i>Equals</i> Net Income Before Taxes	\$7,189	\$38,157	\$8,986	\$20,000
<i>Plus</i> Depreciation	\$643		\$0	\$0
<i>Plus</i> Amortization	\$0	\$0	\$0	\$0
<i>Plus</i> Interest on Loans to Business	\$0	\$5,481	\$972	\$800
<i>Plus</i> Officer/Owner's Salary	\$16,500	\$20,263	\$45,643	\$50,000
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary	\$1,262	\$1,550	\$3,492	\$3,875
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$25,594	\$65,451	\$59,093	\$74,675
<b>Addbacks:</b>				
Salary to Working Family Member				\$0
Auto Expenses for Owner's Benefit	\$2,750	\$3,752	\$4,158	\$5,000
Insurance Premium - Working Family Member				\$0
Owners' Pension Plan				\$0
Non-Business Phone, Internet & Cell Phone Expenses	\$1,630	\$1,322	\$1,674	\$2,000
<b>Sum of Addbacks:</b>	<b>\$2,880</b>	<b>\$3,784</b>	<b>\$5,832</b>	<b>\$7,000</b>
<b>Total Seller's Discretionary Earnings (SDE)</b>	<b>\$28,474</b>	<b>\$69,235</b>	<b>\$64,925</b>	<b>\$81,675</b>
Profit Margin	16.94%	41.22%	33.09%	40.84%

## 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 2.74x, below the market in favor of the buyer.

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

With this information, the computation is as follows:

$$\underline{\$87,663} \times 2.74 = \underline{\$240,000}$$

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

**\$240,000**

## FUNDING EXAMPLE

**Purchase Price: \$240,000**

<b>20% Buyer Down Payment</b>	\$48,000	Buyer's equity
<b>80% Bank Loan</b>	\$192,000	10-Year term at a rate of 5.50% = Monthly loan payment of \$2,083.70

- Cash Flow (SDE) 3-year average 87,663
- Annual Payment to Bank: \$25,004.40
- Net Profit (After Expenses and loan payment): \$62,658.60

Numbers above  
result in a 131%  
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  
**\$240,000** with the terms listed  
above, the coverage ratio is **3.5**.

\* 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.