

## LISTING OPPORTUNITY

# OSHA & HIPPA Compliance/Consulting to Dental Offices

Consistent Average above \$500K Sales with Healthy 37% Profit Margin in 2022



### SPECIFICATIONS

 <b>Price:</b> \$625,000	 <b>Revenue:</b> \$541,456 (Trailing 12 mo)	 <b>Cash Flow:</b> \$302,292
 <b>Location:</b> Silicon Valley	 <b>Service Area:</b> San Francisco Bay Area	 <b>Profit Margin:</b> 37%
 <b>Employees:</b> 2 FTE (plus owner FT), adding one more	 <b>Reason for Sale:</b> Moving to new venture	 <b>Goodwill:</b> 11 years solid growth, highly differentiated niche, repeat customer base

### BUSINESS SUMMARY

- Year Established: 2010
- Services: OSHA / HIPPA Compliance Consulting and Training  
HR Logistics and Strategies
- Client Snapshot: Dental Offices / Medical Offices
- Lease: \$1,350 mo, includes NNN, Month-to-Month, Relocatable
- Personnel: 2 FT, currently hiring another FT
- Software: Xero, Microsoft 365, Filemaker Pro
- License Requirements: California Dental Board Approved CE Provider License

Company is a full-service, boutique compliance firm, working with clients where it is imperative to maintain OSHA and HIPPA compliance. The company ensures that their clients' business and staff are properly educated, and that the client facility is also fully compliant, thereby mitigating risks for the Company's clients.

Building on the success of the Company's compliance work, the business also provides a broad range HR-related services for clients; providing a range of broad HR set-up and creation services from employee manuals, to forms for hiring, termination, HR consulting, sexual harassment prevention training, and much more.

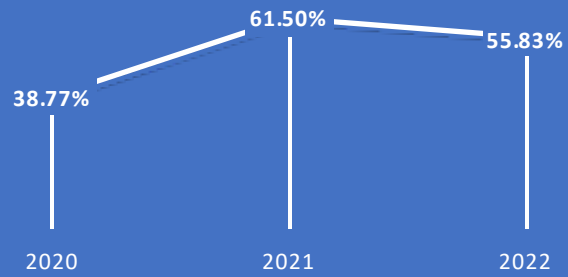
A Buyer for this business should be knowledgeable regarding OSHA and HIPPA compliance, and have a CE Provider License with the California Dental Board. Because the Company also provides HR related consulting, knowledge of HR related processes is also critical.

The departing owners will offer training and transitional support to facilitate buyer's success in the 100% acquisition of this business.

## VALUE PROPOSITION

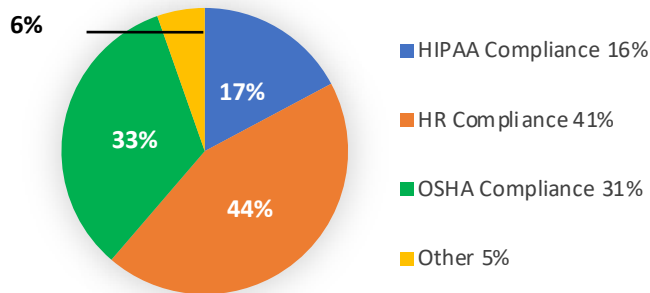
- 8 Years Established Reputation
- Differentiated Service Offering in Defensible Niche Market
- 37% Profit Margins on Revenues of \$541,456
- Repeat Customer Base
- Expansion into HR Consulting Creates Incremental Opportunity
- Strong Growth Potention With Increased Marketing Push
- Experienced Team of Consultants
- Office Relocatable or Go Virtual

## PROFIT MARGIN

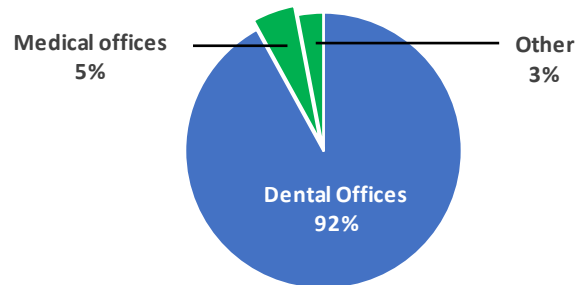


## REVENUE BREAKDOWN

### Revenue by Service



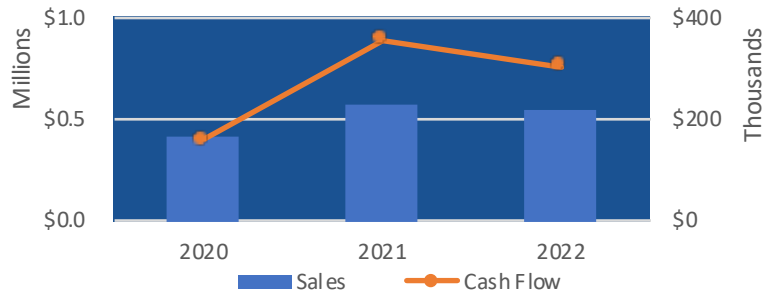
### Revenue by Customer



## FINANCIAL HIGHLIGHTS

- Listing Price \$625,000
- 2022 TTM Cashflow \$302,292
- 2021 Cashflow \$353,612
- COVID dip recovery in 2021 over 2020
- Significant growth opportunities
- Business has no inventory to maintain
- Business lends itself to successful remote work

### Sales and Seller's Cash Flow



## CASHFLOW ANALYSIS

Financial Statement Source	Tax Return	Tax Return	P&L TTM
	2020	2021	2022
<b>Sales</b>	\$409,101	\$575,009	\$541,456
Less Cost of Sales	\$25,271	\$2,769	\$1,703
Less Operating Expenses	\$313,978	\$317,799	\$335,596
<i>Equals</i> Net Income Before Taxes	\$69,852	\$254,441	\$204,157
Plus Depreciation	\$5,057	\$0	\$0
Plus Amortization	\$6,600	\$0	\$0
Plus Interest on Loans to Business	\$0	\$1,036	\$0
Plus Officer/Owner's Salary	\$71,604	\$91,000	\$91,000
Plus Payroll Taxes on Officer/Owner's Salary	\$6,086	\$7,735	\$7,735
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$159,199	\$354,212	\$302,892
<b>Addbacks:</b>			
Salary to Working Family Member	\$0	\$0	\$0
Auto Expenses for Owner's Benefit	\$0	\$0	\$0
Fair Market Rent - anticipated Increase	(\$600)	(\$600)	(\$600)
<b>Sum of Addbacks:</b>	<b>(\$600)</b>	<b>(\$600)</b>	<b>(\$600)</b>
<b>Total Seller's Discretionary Earnings (SDE)</b>	<b>\$158,599</b>	<b>\$353,612</b>	<b>\$302,292</b>
Profit Margin	38.77%	61.50%	55.83%

## 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 2.07x, below the market in favor of the buyer.

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

With this information, the computation is as follows:

$$\underline{\$302,292 \times 2.07 = \$625,000}$$

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

**\$625,000**

## FUNDING EXAMPLE

**Purchase Price: \$625,000**

<b>20% Buyer Down Payment</b>	\$125,000	Buyer's equity
<b>80% Bank Loan</b>	\$500,000	10-Year term at a rate of 6% = Monthly loan payment of \$5,551

- Cash Flow (SDE in TTM 2022): \$302,292
- Annual Payment to Bank: \$66,612
- Net Profit (After Expenses and loan payment): \$235,679

Numbers above  
result in an **188%**  
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  
**\$625,000** with the terms listed  
above, the coverage ratio is **3.79**.

\* 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.