










## LISTING OPPORTUNITY

# Yogurtland Franchise in Busy Mixed-Use Shopping Center

High sales producer in a very populated, family centered demographic area



## SPECIFICATIONS

	<b>Price:</b> \$475,000		<b>2021 Revenue:</b> \$709,733		<b>2021 Cash Flow:</b> \$141,526
	<b>Total Rent per SF:</b> \$77.09 per year		<b>Service Area:</b> San Jose		<b>Gross Margin:</b> 23.08%
	<b>Royalty &amp; Advertising</b> 6% and 2% respectively		<b>Transfer Fee:</b> \$10,000		<b>Sales per SF:</b> \$506.95 per year

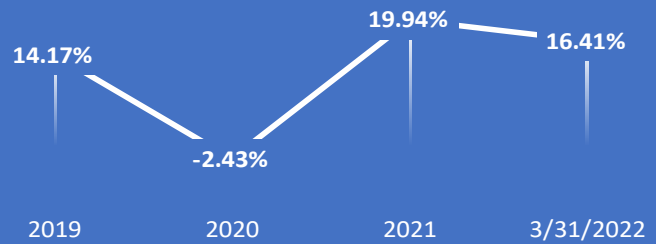
## BUSINESS SUMMARY

- Year Established:** Business location established in 2014. Franchise established in 2006
- Services:** Frozen yogurt and toppings sold by weight
- Equipment:** 8 three head frozen yogurt machines, refrigerated toppings table, POS, walk in cooler, 3 compartment sink, glycol cooling system, upright reach-in coolers, shelving, staff lockers, tables, chairs, and all small wares, complete list will be provided
- Product breakdown:** 99% frozen yogurt and 1% bottled drinks
- Clients:** 100% retail
- Lease:** Monthly NNN rent \$8994 for 1400 SF, 2 years left on lease with (2) 60-month options
- Personnel:** 10 part time year-round. Additional 2-3 new hires for summer
- Franchisor:** Yogurtland Franchising, Inc.
- Key Requirements:** \$400,000 Net Worth and \$200,000 Liquid Assets (3-months of seasoning), U.S. Citizen or permanent resident, criminal and credit checks, completion of franchisor's training program
- Training:** Training will take place in Southern California and must be completed prior to change of possession; cost \$5000
- Timeline:** 3 months from accepted asset purchase agreement
- SBA:** Business has been pre-approved by SBA, buyer will have to qualify as well

## VALUE PROPOSITION

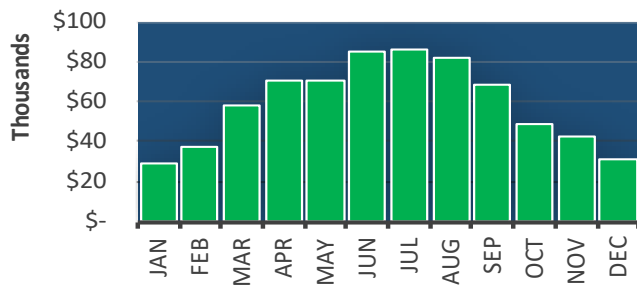
- Plenty of parking for customers
- Exceptional Customer Reviews of 4.5 stars
- Responsive and supportive Franchisor
- Priced to reflect absentee operated
- Well trained friendly staff in place
- Simple and efficient layout
- National chain anchors shopping center
- Local average household income \$97,000
- Traffic count: 14,754 per day
- Average sale \$12.70

## PROFIT MARGIN

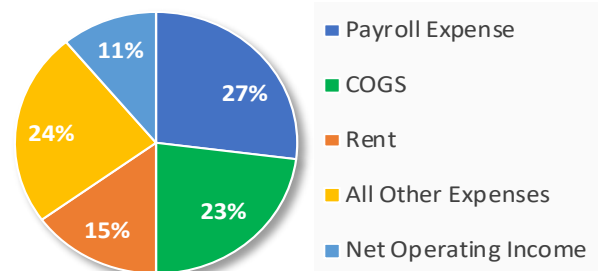


## REVENUE BREAKDOWN

### Revenue: 12 Month Cycle



### Revenue by Customer



## FINANCIAL HIGHLIGHTS

- Listing price: \$475,000 including Inventory
- Recovery of gross sales 32% over 2020 figures
- Largest March sales in stores history \$72K 2022
- March net operating profit \$11,714 or 16.2%
- 2022 projected to surpass 2019 sales
- 2021 sales recovered just under 4% of 2019 sales
- Inventory estimated monthly average: \$5,000
- Rent deposit: \$7140
- Fixed assets per taxes: \$435,644
- Recommended working capital: \$25,000
- Ownership of a well maintained store

### Sales and Seller's Cash Flow



## CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2019	Tax Return 2020	Tax Return 2021	YTD/P&L 3/31/2022
Accounting Year is Jan 1 to Dec 31				
<b>Sales</b>	\$739,626	\$482,613	\$709,733	\$181,169
Returns and allowances	\$0	\$0	\$0	\$0
Less Cost of Sales	\$227,188	\$142,059	\$163,817	\$41,902
Less Operating Expenses	\$502,098	\$407,661	\$476,968	\$119,892
<i>Equals</i> Net Income Before Taxes	\$10,340	(\$67,107)	\$68,948	\$19,375
<i>Plus</i> Depreciation	\$31,971	\$15,119	\$16,690	\$0
<i>Plus</i> Amortization	\$6,213	\$6,213	\$6,076	\$0
<i>Plus</i> Interest on Loans to Business	\$6,643	\$1,936	\$5,911	\$0
<i>Plus</i> Officer/Owner's Salary	\$16,000	\$9,740	\$19,250	\$5,000
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary	\$1,700	\$1,247	\$1,300	\$0
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$72,867	(\$32,852)	\$118,175	\$24,375
<b>Addbacks:</b>				
Rent deposit	\$7,140	\$0	\$0	\$0
Auto Expenses for Owner's Benefit	\$7,690	\$11,019	\$9,852	\$3,863
Non-Business and non-reoccurring expense	\$2,700	\$2,700	\$2,700	\$1,500
Owner benefit per taxes	\$13,454	\$7,117	\$10,669	\$0
Contributions	\$950	\$300	\$130	\$0
<b>Sum of Addbacks:</b>	<b>\$31,934</b>	<b>\$21,136</b>	<b>\$23,351</b>	<b>\$5,363</b>
<b>Total Seller's Discretionary Earnings (SDE)</b>	<b>\$104,801</b>	<b>(\$11,716)</b>	<b>\$141,526</b>	<b>\$29,738</b>
Profit Margin	14.17%	-2.43%	19.94%	16.41%

## ASKING PRICE

The asking price is determined using a cash flow and asset 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. The asset methodology takes into account what it could cost to open a similar business in equipment and square feet. A multi-factor multiplier is applied to the cash flow based on the condition of the business and the asset value is added to that result.

For this business, a three-year weighted cash flow is applied as the recovery of gross sales is above average. This business has the higher sales and better than median SDE, coupled with that this is Northern California's number 1 gross sales store the multiplier applied in this case is 3x.

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

With this information, the computation is as follows:

$$\underline{\$158,538 \times 3 = \$475,614}$$

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

**\$475,000**

## FUNDING EXAMPLE

**Purchase Price: \$475,000**

<b>20% Buyer Down Payment</b>	\$95,000	Buyer's equity
<b>80% Bank Loan</b>	\$380,000	10-Year term at a rate of 5.75% = Monthly loan payment of \$4171

- Cash Flow (SDE in 2021): \$158,538
- Annual Payment to Bank: \$50,052
- Net Profit (After Expenses and loan payment): \$108,486

Numbers above  
result in an **87.5%**  
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  
**\$475,000** with the terms listed  
above, the coverage ratio is **3.17**.

\* 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.