

LISTING OPPORTUNITY

Specialized HOA Landscaping Business in Silicon Valley

\$690,663 Revenue with \$198,180 SDE



SPECIFICATIONS

 Price: \$550,000	 Revenue: \$690,663 (3-Year Avg)	 Cash Flow: \$198,180 (3-Year Avg)
 Location: Santa Clara County, CA	 Service Area: San Francisco Bay Area	 Profit Margin: 29% (3-Year Avg)
 Employees: 6 FT	 Reason for Sale: Retirement	 Goodwill: 43 Yr. Reputation

BUSINESS SUMMARY

- Year Established: 1979
- Services: 43 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.

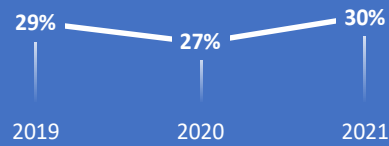
This business is run from the owners' home. There are 4 vehicles and 3 trailers included in the sale, and in addition, another \$23,000 worth of tools and equipment are included within the asking price.

The business is pre-approved for SBA loan with 10% down payment for qualified buyers.

VALUE PROPOSITION

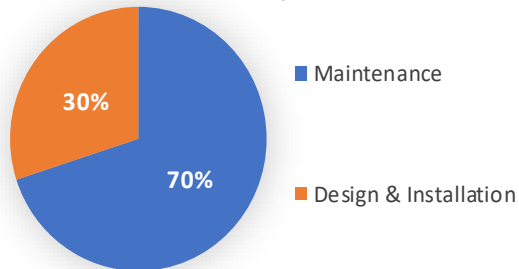
- 43 years of history and reputation
- HOA commercial accounts only
- Long-term customers
- No customer concentration
- 60-70% revenue from contracted maintenance
- 30-40% revenue from add-on works for HOAs
- Opportunity to add more HOA & residential clients

PROFIT MARGIN

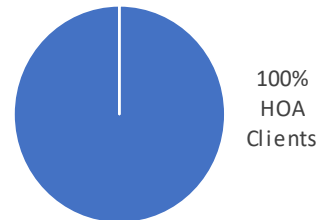


REVENUE BREAKDOWN

Revenue by Service



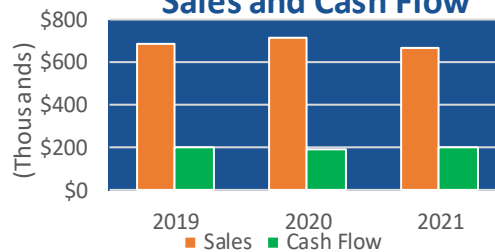
Revenue by Customer



FINANCIAL HIGHLIGHTS

- Listing Price \$550,000
- Pre-approved for SBA loan with 10% down
- Consistent Revenue Averaged \$690K with SDE \$198K
- Stable Profit (SDE) averaged 29%
- Accounts billed on net 30-day term
- COVID and recession resistant
- Operated from Home with Many Addback Items

Sales and Cash Flow



CASHFLOW ANALYSIS

Source of Financial Statement	Tax Return 2019	Tax Return 2020	Tax Return 2021
Sales	\$685,076	\$715,729	\$671,185
Less Cost of Sales	\$95,457	\$120,554	\$131,107
Less Operating Expenses	\$589,604	\$594,095	\$519,959
<i>Equals</i> Net Income Before Taxes	\$15	\$1,080	\$20,119
<i>Plus</i> Depreciation	\$3,604	\$1,949	\$1,875
<i>Plus</i> Amortization	\$0	\$0	\$0
<i>Plus</i> Interest on Loans to Business	\$2,356	\$122	\$346
<i>Plus</i> Officer/Owner's Salary	\$135,000	\$108,025	\$86,855
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary	\$11,678	\$9,344	\$7,817
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$152,653	\$120,520	\$117,012
Addbacks:			
Auto Insurance	\$1,200	\$1,200	\$1,200
Auto & Truck Expense	\$1,106	\$4,060	\$3,653
Employee Meetings	\$8,824	\$4,749	\$15,974
Rent Expense	\$25,881	\$56,976	\$48,627
Market Rent Adjustment	(\$42,000)	(\$42,000)	(\$42,000)
Computer & Internet Expense	\$1,086	\$3,205	\$1,842
Dues and Subscriptions	\$2,108	\$464	\$1,552
Gifts and Entertainment	\$3,181	\$2,854	\$5,135
Employee Benefit Program	\$21,574	\$11,272	\$9,364
Home Repair & Maintenance	\$4,221	\$1,650	\$4,505
Office Expense	\$10,018	\$12,799	\$18,656
Shop Supplies	\$1,630	\$5,971	\$7,150
Telephone Expenses	\$3,629	\$3,451	\$2,710
Utilities	\$5,636	\$6,088	\$5,157
Sum of Addbacks:	\$48,094	\$72,739	\$83,525
Total Seller's Discretionary Earnings (SDE)	\$200,747	\$193,259	\$200,537
Profit Margin	29%	27%	30%

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 with a multiple of 2.77x. The resulting value is \$550,000.

CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$198,180} \times 2.77 = \underline{\$550,000}$$

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

\$550,000

FUNDING EXAMPLE

Purchase Price: \$550,000

10% Buyer Down Payment	\$55,000	Buyer's equity
90% Bank Loan	\$495,000	10-Year term at a rate of 6.0% = Monthly loan payment of \$5,494

- Cash Flow (3-Year Average SDE): \$198,180
- Annual Payment to Bank: \$65,946
- Buyer's Cost of Living: \$50,000
- Net Profit (After Expenses and loan payment): \$82,233

\$55,000 cash investment could generate \$82,233 net return in 12 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 **2.25**.

* 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.