

LISTING OPPORTUNITY

Exceptionally Equipped, Highly Reputable Bakery

High End Commercial Bakery with National Accounts & Retail Café



SPECIFICATIONS

 Price: \$1,750,000	 Revenue: 2019 \$3,583,597 with cafe	 Cash Flow: 2019 \$491,307 with cafe
 Location: San Francisco County	 Service Area: Bay Area & West Coast	 Gross Margin: 32.8%
 Employees: 22 FT plus 2 owners	 Reason for Sale: Sellers are Retiring	 Goodwill: 32 Yr. Reputation, 5 Star Reviews from websites

BUSINESS SUMMARY

- Year Established:** 1989 by current owners
- Services:** Production of a large variety of hand-crafted European pastries and desserts in a range of sizes for hotels, catering, grocery and wholesale distributors and custom designed cakes
- Equipment:** Very well-appointed production rooms, asset list provided upon request,
- Facility:** Sectioned 7780 sf production facility with high ceilings, includes offices, loading docks and attached cafe
- Products:** Bars, cakes, cookies, cupcakes, individual desserts, petit fours, roulades/terrines, sheet cakes, strips/strudels, tarts, custom-designed desserts, seasonal specials, & wedding cakes.
- Lease:** 7,780 sf, current rent \$14,905.80 a month, lease ends June 30, 2024, new lease will be written for qualified buyers
- Personnel:** Total of 21 bakers/decorators, 1 office/bookkeeper and 2 full time owners, one as baker other as office manager.

This bakery is designed and arranged for detailed volume production to serve a wide variety of clients including convention and event centers, major hotel chains, cafes and restaurants, catering companies, food distributors and grocery stores.

The facility itself is impeccable with high open ceilings and first-rate lighting that pours through the western wall of floor-to-ceiling windows.

Mechanically automated processing has been incorporated at strategic points in the production process for maximally efficient output, while the finishing work is still completed by hand to ensure quality at a professional level.

Depending on specialty and focus, each production room is equipped with modern ovens, sheeters, depositors, glazing machines, Trulsen stand up reach-ins, walk in freezers and refrigerators, wash stations and separate centralized dry storage.

The Café is a well-planned and smartly used 500 sf space. Access is available to the café directly from the street for clients, and immediately from the bakery production floor for staff. Along with its spaciouly high ceilings, the café presents to patrons a stainless-steel cold case, retail counter, coffee and espresso equipment, all complimented by a cozy number of tables and chairs.

A standard-sized dock with a roll-up door is used for incoming materials and goods, as well as for quickly loading outgoing deliveries.

Currently, the business is staffed to cover 2 shifts per day, with space to expand to a third shift.

Staff and owners currently have medical, dental, vision and profit sharing.

The current owner occupies the role of pastry chef, creating and delivering roughly 120 to 130 custom cakes a year.

This turn-key business stands out as one of the best appointed and designed bakeries in the Bay Area and is a must-see for a buyer who is looking to either expand their current business into the commercial space, or an entrepreneur looking for an opportunity to jump into the industry as a major player in the local industry.

VALUE PROPOSITION

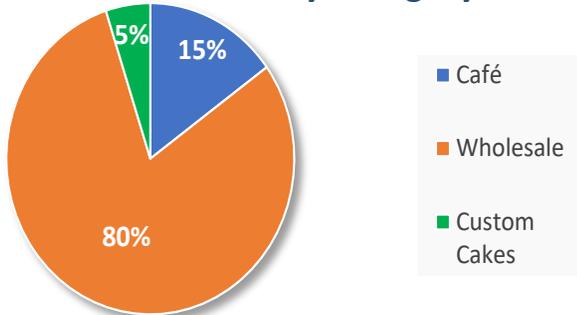
- 33 years Established 5 Star Reputation
- Consistent and Exceptional Customer Reviews for both the bakery and café
- Café run as separate business with full books and taxes
- Priced to reflect the large asset base and systems
- First quarter of 2022 showing strong recovery
- All brochures, marketing and distribution channels complete
- Long term and dedicated team of bakers and decorators
- Buyer to Replace Retiring Sellers as Pastry Chef & Office/Sales
- Excellent work flow layout to maximize production
- Bakery primed with contracts to grow
- HACCP Certified

PROFIT MARGIN

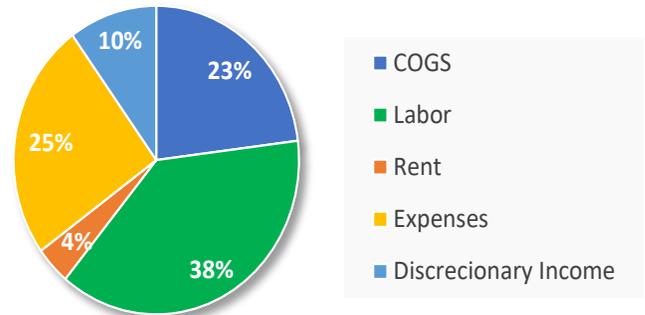


REVENUE BREAKDOWN

Revenue by Category



Cost Break Down



FINANCIAL HIGHLIGHTS

- Listing Price: \$1,750,000 including Inventory
- Sales and Costs noted are for the Bakery
- 2019 Café Sales were \$487,454, recovery is \$223,163 2021
- 5 delivery vans included in sale
- Medical Insurance for staff is 4.2% of gross sales
- Recommended Working Capital \$50,000
- Q1 2022 63% above Q1 2021
- Bakery and Café realized PPP loans
- Last price increase November 2021
- Online ordering platform ready to roll out
- Gross profit average is 73%

Sales and Seller's Cash Flow



CASHFLOW ANALYSIS for Commercial Bakery Only

Financial Statement Source	Tax Return	Tax Return	Tax Return	P/L
Financial year July 1 to June 30	2018-19	2019-20	2020-21	Jul1-Apr30
Sales	\$3,096,143	\$2,225,307	\$1,293,441	\$1,919,280
<i>Less</i> Cost of Sales	\$1,971,753	\$1,457,767	\$819,497	\$474,209
<i>Less</i> Operating Expenses	\$1,162,417	\$819,654	\$629,038	\$1,182,466
<i>Equals</i> Net Income Before Taxes	(\$38,027)	(\$52,114)	(\$155,094)	\$262,605
<i>Plus</i> Depreciation	\$18,374	\$51,780	\$2,008	\$2,008
<i>Plus</i> Amortization	\$0	\$0	\$0	\$0
<i>Plus</i> Interest on Loans to Business	\$0	\$0	\$0	\$0
<i>Plus</i> Officer/Owner's Salary	\$472,000	\$130,078	\$170,192	\$89,692
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary	\$0	\$0	\$0	\$0
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$452,347	\$129,744	\$17,106	\$354,305
Addbacks:				
Salary to Working Family Member	\$0	\$0	\$0	\$0
Auto Expenses for Owner's Benefit	\$1,500	\$1,125	\$1,125	\$1,000
Insurance Premium - Working Family Member	\$25,670	\$25,884	\$25,985	\$21,654
Contributins & Donations	\$3,649	\$0	\$0	\$0
Business Travel	\$4,076	\$1,216	\$2,760	\$2,760
Sum of Addbacks:	\$34,895	\$28,225	\$29,870	\$25,414
Total Seller's Discretionary Earnings (SDE)	\$487,242	\$157,969	\$46,976	\$379,719
Profit Margin	15.74%	7.10%	3.63%	19.78%

Notes: Café operated with profit prior to Pandemic. Recovery is under way, 6% Net Income YTD

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, as common method for valuing pandemic-affected businesses, a value is determined based on the latest, non-anomalous year. This method is the best practice to find the true value of the business following a trend of notable recovery. Though the business is recovering, the pace of recovery is slowed by the steady resurgence of the market for the business' primary commercial clients.

The multiplier applied in this case is 3x, which is in line and comparable with recent sales of bakeries of this size and that there is a retail café (running at break even) whose sales and cost are not figured into these calculations.

CASHFLOW X PRESCRIBED MULTIPLE + ASSETS = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$487,424 \times 3 + \$287,728 = \$1,750,000}$$

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

\$1,750,000

FUNDING EXAMPLE

Purchase Price: \$1,750,000

20% Buyer Down Payment	\$350,000	Buyer's equity
80% Bank Loan	\$1,400,000	10-Year term at a rate of 5.75% = Monthly loan payment of \$15,368

- Cash Flow (SDE in 2019-20): \$487,424
- Annual Payment to Bank: \$184,416
- Net Profit (After Expenses and loan payment): \$303,008

Numbers above
result in an **13.4%**
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
\$1,750,000 with the terms listed
above, the coverage ratio is **2.06**.

* 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.