

LISTING OPPORTUNITY









Non-Franchise Affluent Neighborhood Fitness Center

Turn-Key, Fully Equipped, Well Staffed Gym

Priced for Quick Sale



SPECIFICATIONS

 Price: \$260,000	 Revenue: \$363,471 (3-Year Avg)	 Revenue: \$534,986 (2019)
 Location: Santa Cruz County	 Service Area: Inquire for Exact Location	 Cash Flow: Inquire for Explanation
 Employees: 7 PT Counter/Sales, 6 Instructors/Trainers, 1 Owner PT hours		 Goodwill: 13 Yr. Reputation

BUSINESS SUMMARY

Year Established: 2009
Services: Individuals or groups, Indoor & Outdoor Classes, In the Gym or the Water
Clients: All Ages Welcome, Senior Friendly
Equipment: List to be Provided, Recently Upgraded Cardio, all other Has Been Well Maintained
Lease: Renewal Date 4-1-2024, \$7405 per Month, Assumable
Facility: Indoor Sq. footage 4814, Pool & Deck Area 2000 Sq. Ft. Gazebo 1000 Sq. Ft.
Personnel: 7 Part Time Front Desk/Sales Staff, 6 Class Instructors/Trainers
Owner: Semi-Absentee 20-25 Hours Per Week

Popular established neighborhood full-service fitness center, complete with outdoor lap pool, deck area, and Gazebo.

Amenities include equipment that are staples in most full gyms and fitness centers:

- Free weights & dumbbells
- Bikes, treadmills, ellipticals +
- Lap pool w/ deep & shallow ends
- Large outdoor deck for classes
- Sauna room

Classes and one-on-one training are offered to help clients achieve their personal fitness goals.

Staff includes talented personal trainers & instructors who are proficient at providing a variety of programs.

Programs offered include classes such as:

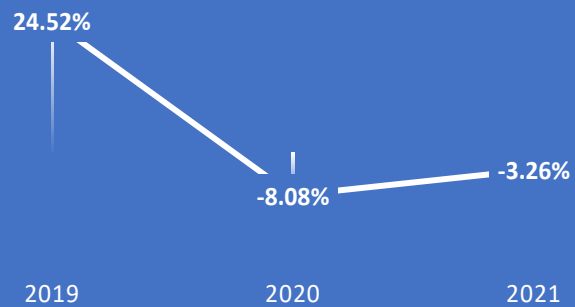
- Circuit training
- Zumba
- Yoga
- Tai Chi
- Nutrition services
- water mobility
- water aerobics
- deep water
- shallow water
- + more

Business is showing recovery to pre-pandemic levels. This listing offers a unique opportunity to acquire a turn-key facility at a fraction of the cost to duplicate the equipment inventory, infrastructure components, brand awareness, etc.

VALUE PROPOSITION

- 13 Years of Established Reputation
- Exceptional Customer Reviews
- Pre-Covid Profit Margin 24% on \$534,986 Sales
- Priced Below Market for Quick Sale
- Experienced Team of Staff, Instructors, & Trainers

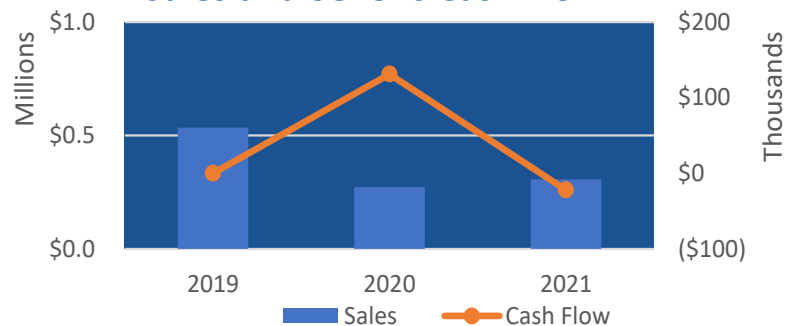
PROFIT MARGIN



FINANCIAL HIGHLIGHTS

- Listing Price \$260,000
- Listing Price Includes Equipment and Inventory
- Pre-Covid Sales & Profit Numbers Are Returning

Sales and Seller's Cash Flow



CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2019	Tax Return 2020	Tax Return 2021
Sales	\$534,986	\$272,976	\$306,451
<i>Less</i> Cost of Sales	\$2,635	\$1,158	\$1,176
<i>Less</i> Operating Expenses	\$529,941	\$392,804	\$381,311
<i>Equals</i> Net Income Before Taxes	\$2,410	(\$121,026)	(\$76,036)
<i>Plus</i> Depreciation	\$8,020	\$7,830	\$4,579
<i>Plus</i> Amortization			
<i>Plus</i> Interest on Loans to Business	\$2,047	\$1,684	
<i>Plus</i> Officer/Owner's Salary	\$112,376	\$82,500	\$86,500
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary			
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$124,853	(\$29,012)	(\$15,043)
Addbacks:			
Salary to Working Family Member			
Auto Expenses for Owner's Benefit	\$3,680	\$2,945	\$2,198
FTB Taxes	\$800	\$800	\$800
Other Income			
Non-Business Phone, Internet & Cell Phone Expenses	\$1,847	\$2,182	\$2,155
Sum of Addbacks:	\$6,327	\$6,956	\$5,153
Total Seller's Discretionary Earnings (SDE)	\$131,180	(\$22,056)	(\$9,980)
Profit Margin	24.52%	-8.08%	-3.26%

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 2.62x, below the market in favor of the buyer.

CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$99,234 \times 2.62 = \$260,000}$$

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

\$260,000

FUNDING EXAMPLE

Purchase Price: \$260,000

20% Buyer Down Payment	\$52,000	Buyer's equity
80% Bank Loan	\$208,000	10-Year term at a rate of 5.50% = Monthly loan payment of \$2257.35

- Cash Flow (SDE in 2019): \$131,180
- Annual Payment to Bank: \$27,088
- Net Profit (After Expenses and loan payment): \$104,092

Numbers above
result in a 200%
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 **\$260,000** with the terms listed above, the coverage ratio is 4.84X .

* 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.