









LISTING OPPORTUNITY

Fresh Water Systems, Filtration, Softening, and Conditioning

Consistent 4-Year Average \$257,771K in Sales, \$98,903K in SDE



SPECIFICATIONS

 Price: \$290,000	 Revenue: \$257,771 (4-Year Avg)	 Cash Flow: \$98,903 (4-Year Avg)
 Location: Santa Cruz County	 Service Area: Santa Cruz, Monterey, Santa Clara, San Benito and San Mateo Counties	 Profit Margin: 39%
 Employees: 1 FTE, 2 Owners	 Reason for Sale: Pursuing Other Interests	 Goodwill: 17 Yr. Reputation

BUSINESS SUMMARY

- Year Established: 1998 when first originally opened. 2006 until present by current owners.
- Services: Full-service water systems including filtration, softening, conditioning, etc.
- Equipment: Furniture, fixtures, and equipment value \$55,200 included, (list to be provided).
- Inventory: \$9,000 included
- Clients: Residential, Commercial, Industrial
- Lease: \$1,504.00 per month, 1300 square feet
- Personnel: 1 Full time employee, 1 Full time owner, 1 Part time owner (wife)
- Required License: C55

The presented opportunity is for a company that provides water treatment solutions for residential, commercial, and industrial customers.

They offer a range of products and services including water softeners, reverse osmosis systems, iron filters, and more to improve the quality and safety of water. The company also provides professional installation, maintenance, and repair services to ensure their customers receive the best possible performance from their water treatment systems.

With a commitment to quality and customer satisfaction, this business is a trusted provider of water treatment solutions.

The need for clean and safe water is always increasing. This family-owned business has been a profitable and well-regarded company in the local market for the past quarter of a century, always offering top-notch products & services to its existing and new customers.

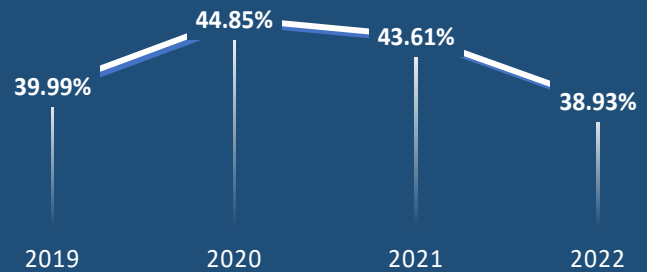
Their product line includes Antiscalent and Membrane Cleaners, Instahot, Whole House Carbon Filters, Ozone, Reverse Osmosis, Softeners, and Ultrafiltration.

Their goal is straightforward: "To provide exceptional water treatment solutions at an affordable price."

VALUE PROPOSITION

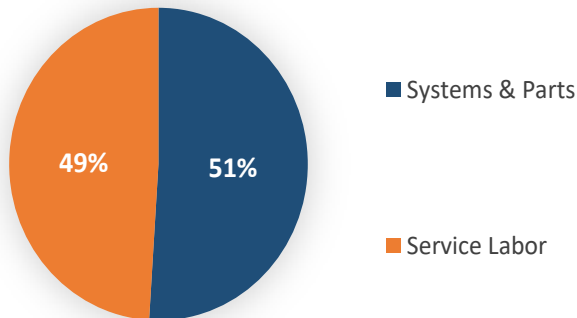
- 25 years of Established Reputation
- Priced Below Market for Quick Sale - Retirement
- Strong continuing demand for products and service
- Realistic potential for growth and expansion

PROFIT MARGIN

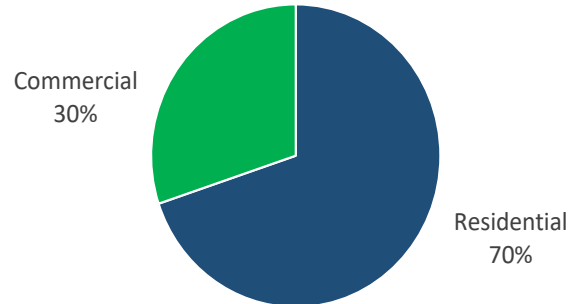


REVENUE BREAKDOWN

Revenue by Service



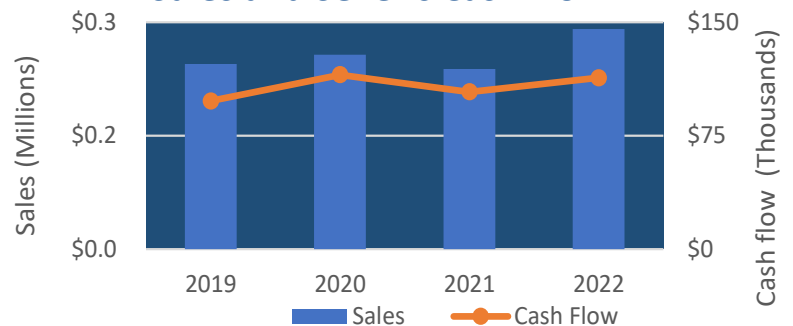
Revenue by Customer



FINANCIAL HIGHLIGHTS

- Listing Price \$290,000, includes \$9,000 in Inventory
- Gross Sales in 2022 \$291,007
- Sellers Discretionary Earnings in 2022 \$113,276
- Average Profit Margin 39%

Sales and Seller's Cash Flow



CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2019	Tax Return 2020	Tax Return 2021	P&L 2022
Sales	\$244,754	\$256,975	\$238,348	\$291,007
Less Cost of Sales	\$108,408	\$111,869	\$128,153	\$141,366
Less Operating Expenses	\$148,217	\$160,368	\$140,779	\$134,219
<i>Equals</i> Net Income Before Taxes	(\$11,871)	(\$15,262)	(\$15,584)	\$15,423
<i>Plus</i> Depreciation	\$6,034	\$5,975	\$3,254	\$2,371
<i>Plus</i> Amortization	\$13,498	\$13,498	\$3,368	
<i>Plus</i> Interest on Loans to Business	\$1,112	\$829	\$722	\$4,458
<i>Plus</i> Officer/Owner's Salary	\$72,648	\$72,676	\$72,644	\$75,006
<i>Plus</i> PPE Income			\$15,000	
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$81,421	\$92,978	\$79,404	\$97,258
Addbacks:				
Other Addbacks	\$1,377	\$6,059	\$5,624	\$835
Auto Expenses for Owner's Benefit	\$3,000	\$3,000	\$4,000	\$4,000
Insurance Premium - Working Family Member	\$9,301	\$9,070	\$9,301	\$8,111
Donations	\$824	\$580	\$1,093	\$1,250
Non-Business Phone, Internet & Cell Phone Expenses	\$1,946	\$3,569	\$4,513	\$1,822
Sum of Addbacks:	\$16,448	\$22,278	\$24,531	\$16,018
Total Seller's Discretionary Earnings (SDE)	\$97,869	\$115,256	\$103,935	\$113,276
Profit Margin	39.99%	44.85%	43.61%	38.93%

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

CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

\$98,903 x 2.93% = \$290,000

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

\$290,000

FUNDING EXAMPLE

Purchase Price: \$290,000

20% Buyer Down Payment	\$58,000	Buyer's equity
80% Bank Loan	\$232,000	10-Year-term at a rate of 6.50% = Monthly loan payment of \$2,634

- Cash Flow (SDE in 2022): \$113,276
- Annual Payment to Bank: \$31,608
- Net Profit (After Expenses and loan payment): \$81,668

Numbers above
result in an **140%**
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
\$290,000 with the terms listed
above, the coverage ratio is **3.58**

* 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.