










## Business Overview

### RE: Garbage Pick Up in 3 Communities

Over 2,400 accounts and over \$225K in assets!

## Specifications

 Price \$390,000	 Revenue \$592,751	 Cash Flow \$81,634
 Location Eastern Nebraska	 Equipment \$229,962	 Service Area 3 communities
 Employees 5 FT, 1 PT (works Saturday shift)	 Profit Margin 18%	 Reason for Sale Retirement



## SUMMARY OF THE BUSINESS –

With 2,400 accounts and growing by 120 new accounts each year, this absentee sanitation business in eastern Nebraska is a great acquisition for an Omaha or Lincoln-based company looking to expand into a new market. In business for 46 years, the owner has built a great team of employees covering all shifts, including one Saturday morning route. Customer are a mix of residential and commercial, with the majority falling into the residential category. There are currently 170 business accounts that could be a great area to grow.

Serving customers in 3 towns, the business does not offer recycling. A larger sanitation company acquiring this one could add recycling services to clients, but a smaller outfit or a single buyer would not find any profit in recycling. Due to this, the best growth exists in expanding the territory, which may require more employees

to cover more accounts.

Included in the sale is over \$225,000 in assets. All vehicles and equipment are currently housed on a private property, so a buyer would need to move everything to a new location. A space of roughly 4,600 sq. ft. should suffice. Priced at \$455,000, this business offers a tidy income for a buyer simply overseeing operations!

## Business Highlights

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- **Years in Business:** 46
- **Location:** Eastern Nebraska
  - **Service Area:** 3 communities
  - **Number of Accounts:** 2,400
    - 170 are businesses
    - Averages 120 new accounts/year
- **Services:** Garbage pick-up for residential and commercial locations. **NO** recycling.
- **Storage:** Required storage of vehicles/equipment is roughly 4,600 sq. ft.
- **Reason for Selling:** Retirement
- **Employees:** 5 FT, 1 PT (works Saturday shift)
- **Hours:** Mon – Fri 5am to 1pm, Sat 5am – 9am
- **Growth Opportunities:** Expand territory. Seek out more business accounts. More employees to cover more accounts. Build a simple website to draw clients.

## Financial Highlights

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- List Price: \$390,000
- Gross Sales:
  - 2017 - \$592,751
  - 2016 - \$597,177
  - 2015 - \$584,301
- Cash Flow:
  - 2018 - \$110,514 (Annualized)
  - 2017 - \$81,634
- Profit Margin: 18%
- Assets Included in Purchase –
  - Equipment: \$120,671 – totes, dumpsters, containers
  - Vehicles: \$109,291 – 4 garbage trucks

*\*replacement value*

## Accounts

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- 2,400 accounts
- 170 business accounts
- 120 new customers per year
- Company has a 10-year contract with a nearby town
  - Exclusive rights with a 5-year option
  - 170 – 175 accounts in the town
- January 1, 2018 starts a contract with a new housing development
  - Will add about 21 new accounts

# Cash Flow Analysis

Description of Financial Statement	P&L Statement Jan - June	Tax Return	Tax Return	Tax Return	Tax Return	Notes
	2018	2017	2016	2015	2014	
<b>GROSS SALES</b>	\$301,567	\$592,751	\$597,177	\$584,301	\$574,394	
<i>Annualized</i>						
<b>Net Income Shown on Financial Statement</b>	\$35,052	\$29,698	\$70,322	\$69,226	\$65,326	
<b>ADDBACKS</b>						
Compensation to Owner	\$11,760	\$32,898	\$35,906	\$37,555	\$26,505	
11% Tax on total W2 Salaries	\$1,294	\$3,619	\$3,950	\$4,131	\$2,916	
Depreciation	\$1,605	\$4,013	\$0	\$442	\$8,700	Non-cash item
Interest	\$0	\$80	\$833	\$326	\$80	Non-onward going expense
Non-Business Telephone	\$1,080	\$2,160	\$2,160	\$2,160	\$2,160	Personal cell phone payments
Insurance Premiums	\$4,300	\$8,600	\$7,600	\$0	\$0	Auto - \$3000/year, Supplement - \$3600/year, Life - \$2000/year
Meals & Entertainment	\$166	\$566	\$642	\$0	\$0	Non-onward going expense
Contributions/Donations	\$0	\$50	\$0	\$0	\$0	
<b>TOTAL ADDBACKS</b>	\$20,205	\$51,986	\$51,091	\$44,614	\$40,361	
<b>Seller's Cash Flow = Total Addbacks + Net Income</b>	\$55,257	\$81,684	\$121,413	\$113,840	\$105,687	
<i>Annualized</i>						
Profit Margin	18.32 %	13.78 %	20.32 %	19.48 %	18.40 %	

- Cash Flow, Profit Margin and Gross Sales increase year after year
  - Gross Sales have grown by 4%
  - Cash Flow has increased by 15%
- Over a 3-year period, Profit Margins average 19%

## Equipment

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- 4 garbage trucks with a replacement value of \$109,291
- Equipment – replacement value of \$120,671
  - 100 dumpsters
  - 700 – 800 trash cans
  - 96-gallon totes
  - 68-gallon totes
  - And more!

## Valuation Details

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The Firm Business Brokerage used a Cash Flow Valuation methodology to determine the Purchase Price of the business. The formula used is as follows:

$$\text{Cash Flow} \quad \times \quad \text{Multiplier} \quad = \quad \text{Price}$$

“Cash flow” is the sum of net income plus any owner perks and non-onward going expenses.

“Multiplier” is a prescribed number between 1 and 5 determined by a 100-point, 20-question rating system used to determine the business valuation (average is 3).

The Cash Flow for 2017 is \$81,634, and the prescribed multiplier is 4.8

With this information, the computation result follows:

$$\$81,634 \quad \times \quad 4.8 \quad = \quad \$391,843$$

The List Price for the business is set at **\$390,000**.

## Funding Example

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**Purchase Price:** **\$390,000**

**10% Buyer Down Payment:** \$39,000

**15% Seller Financing:** \$58,500

**70% Bank Loan:** \$292,500

Seller Financing 5-year term at a rate of 4.5% equals a monthly loan payment of \$1,091.

Bank Loan 10-year term at a rate of 6% equals a monthly loan payment of \$3,247.

After business expenses and loan payments, a buyer with a 10% down payment of \$39,000 would retain a profit of \$29,578, a 76% return on investment in the first year!

A lender is required to have a minimum 1.5 coverage ratio for any business loans extended. At a proposed Purchase Price of \$390,000 with the terms listed above, the coverage ratio is 1.57.

***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.***

**\*\*The Firm Business Brokerage is not a real estate brokerage and therefore the staff will not handle any aspect of the lease, sale or purchase of real estate. \*\***

To receive a full financial package and specific information regarding this business:

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to [info@TheFirmB2B.com](mailto:info@TheFirmB2B.com)
2. Call The Firm Business Brokerage at 402.998.5288 to schedule an appointment or conference call with a Broker.

The Firm currently has over 90 cash flowing businesses available. If you find that this is not a fit for you, please let us know and we would be happy to provide you with other opportunities.

The Firm makes no warranties or representation in consideration to the information provided above. All communication regarding this business must occur directly with The Firm Brokerage, LLC.