T | V | G THE VANT GROUP

Business Valuation

Prepared For: ABC Company

The Vant Group

Alex Vantarakis
President
17766 Preston Road
Dallas, TX 75252

Telephone: (972) 458-8989 ext. 102
Email: Alex@thevantgroup.com
Website: www.thevantgroup.com

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Section 01

Executive Summary

Governing Standard:	Rev. Ruling 59-60
Purpose:	Assisting in the determination of an asking price associated with a potential sale of Company
Standard of Value:	Fair Market Value
Premise of Value:	Value as a Going Concern
Client Name:	[Redacted]
Business Name:	[Redacted]
Type of Entity:	C-Corporation
Business Interest Valued:	100% Enterprise Basis
Transaction Type:	Asset
Date Range of Financials:	January 1, 2018 - July 31, 2021
Report Date:	October 22, 2021
Weighted Average Adj. EBITDA:	**$1,411,000**
Adj. EBITDA Multiple:	**4.98x**
Adj. EBITDA Valuation:	**$7,019,000**
Weighted Average Revenue:	**$6,170,000**
Revenue Multiple:	**1.16x**
Revenue Valuation:	**$7,132,000**
Valuation Weighting:	80% EBITDA Valuation / 20% Revenue Valuation
Conclusion of Value:	**$7,042,000**
Fair Market Value of Assets:	$120,000
Goodwill Allocation:	$6,922,000

Questionnaire

Section 02

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Business Valuation Questionnaire

Section 1: Company / Contact Information	
Business Name: [Redacted]	**Contact Person Name:** [Redacted]
Business Address: [Redacted]	**Contact Person Title:** Owner
City, State, Zip Code: [Redacted]	**Contact Person Email:** [Redacted]
Legal Structure: C-Corp	**Contact Person Phone #:** [Redacted]
Accounting Method (Cash or Accrual): Cash	**Best time to call:** Anytime
Year Established: [Redacted]	**Website:** [Redacted]

Section 2: General Information

What's the main purpose of this business valuation? Preparing my exit strategy.

If the owner is considering selling the business, why so? Getting retirement preparation done.

Will owner stay on with business? Yes, **If yes, how long?** However long necessary to provide a successful transition.

Has company ever been for sale before? No

Have you had a valuation before? No

What do you think is the value of your company? $7,000,000

Section 3: Business Activities

What is the main activity of the business? Marketing, selling & installing quality replacement windows & doors

Describe the products and/or services? High performance replacement windows & doors with a 5-star experience through education & communication.

What is the average order size / billing? $12,000 per deal

Is the business seasonal? No

Section 4: Ownership

Name	Title	% Owned	Active or Silent
#1 – [Redacted]	Owner/CEO	100	Active

- **Base Salary:** $300,000
- **Bonuses:** $300,000
- **IRA / 401K Match:** Begins January 2022
- **Health Insurance:** $18,000
- **Other:** Company Vehicles – Fuel Expense

Is salary received fair market? Yes

If Owner #1 left the company, are there any current employees or managers able to fulfill Owner #1 job duties without hiring a new employee?
Yes, it would be spread across 4 key individuals

Duties & Responsibilities: Oversee all managers to keep business flow & accountability.

Section 5: Family Members

Are there any spouses or family members working in the business? Yes

Person #1	Person #2
Name: [Redacted] **Relationship to owner:** Spouse - **Base Salary:** $80,000 - **Bonuses:** $20,000 - **IRA / 401K Match:** Begins January 2022 - **Health Insurance:** $18,000 - **Profit Sharing:** $10,000 - **Other:** Company Vehicle – Gas Card **Is salary received fair market?** Yes **If Owner #2 left the company, are there any current employees or managers able to fulfill Owner #1 job duties without hiring a new employee?** Yes	**Name:** [Redacted] **Relationship to owner:** Daughter - **Base Salary:** $80,000 - **Bonuses:** $20,000 - **IRA / 401K Match:** Begins January 2022 - **Health Insurance:** N/A - **Profit Sharing:** $10,000 - **Other:** Gas Card over marketing and accounting **Is salary received fair market?** Yes **If Owner #2 left the company, are there any current employees or managers able to fulfill Owner #1 job duties without hiring a new employee?** [Name] will not leave

Person #3	Person #4
Name: [Redacted] **Relationship:** Son - **Base Salary:** $75,000 - **Bonuses:** $20,000 - **IRA / 401K Match:** begins January 2022 - **Health Insurance:** N/A - **Profit Sharing:** $5,000	**Name:** [Redacted] **Relationship:** Uncle - **Base Salary:** 2% of Sales Volume - **Bonuses:** $5,000 - **IRA / 401K Match:** Begins January 2022 - **Health Insurance:** N/A - **Profit Sharing:** $5,000

Is salary received fair market? Yes **Duties & Responsibilities:** Runs Production would stay if sold	**Is salary received fair market?** Yes **Duties & Responsibilities:** Hiring/Training managing sales team

Section 6: Employees

How many full-time / part-time / temporary employees does the company have? 18 FT

Please share the following on your Top 5 employees:

Employee Title	Function	Pay	Tenure	Full / Part Time
[Redacted]	Marketing/Accounting	$100,000	10 + years	Full
[Redacted]	Marketing/Sales	$80,000-$100,000	10 + years	Full
[Redacted]	Production Mgr.	$80,000-$100,000	4 years	Full
[Redacted]	Sales Mgr.	$200,000-$250,000	10 + years	Full
[Redacted]	Sales	$150,000-$200,000	2 years	Full

Section 7: Facilities

Is the real estate that operates the business owned by: Third Party Landlord

What type of lease does the company have (Full Service, Net or Modified)? Full Service

How much is the monthly lease payments? $8,000 per month

Are you willing to sell the property with the business? N/A

Section 8: Assets

What is the fair market value of all business assets (FF&E)? For example, if you were to sell all the fixed assets of the business without any distress, how much would all the assets sell for in total?
$100,000 - $120,000

If your business is an asset heavy business, do you have all the equipment needed to run the business at its current revenue levels (If applicable)?
The company has no debt, and we don't order products until it is sold. We take a deposit, so marketing is the only driving expense.

How much inventory is needed for an average sales cycle? N/A

Do you plan to buy and replace any of these assets in the next 3 – 5 years (If applicable)?
Only Vehicles (If necessary)

Do you have deferred maintenance (If applicable)? If so, how much and why? Deferred maintenance is postponing maintenance activities, such as repairs, on any company assets. N/A

Section 9: Working Capital

What are the working capital requirements (if any)? Working capital requirements can be thought of as the amount of money needed to finance the business (keep the business afloat) between payments to suppliers and payments from customers. N/A – We collect final payment at install

What are your average payment terms to your customers? 30% up front 70% at install

On average, how long does it normally take your customers to pay? They pay at installation period

Section 10: Strengths and Weaknesses

Please list Company's Top 5 Strengths	Please list Company's Top 5 Weaknesses
Reputation & People	New Employees
Details & Ethical Standards	Details & Communication
High Ethical Standards	Keeping up with Google
Our Process	Documenting said process (working on it)
Experience	Supple Timelines (Since Covid)

Section 11: Miscellaneous

Please provide any information that you believe are important for us to value your business:

[Company Name] is a registered trademark, we have won the [Redacted] for the past six years. We won the [Redacted] and we have great people, products & a well-established process. [Company Name] is 100% debt free.

Any buyer in our industry could purchase & be up to speed in a short time.

Any buyer outside our industry could learn the key items to track & manage in a short with a full staff of experienced individuals to guide them along.

If employee purchased it would be even easier as I would always be available to answer questions or guide along the way.

We have great relationships will all supplies & marketing arms and with our customer base.

We have great relationships with one another. We have a very positive & productive work environment.

There is no one better in the market than [Company Name].

Readiness Report

Section 03

October 22, 2021

[Company Name]
[Street Address]
[City, State, Zip code]

Dear [Redacted],

Thank you for filling out of our Saleability Score questionnaire.

Our primary goal is to educate entrepreneurs across all industries on what drives value to help get the best possible outcome for their business. The assessment considers various factors such as growth potential, customers, employees, various risks and market conditions. It's essential to know your saleability score if you're looking to exit or grow your business – allowing you to make key business decisions.

Below is a summary of your sub scores as well as overall saleability score:

Assessment	Points Earned	Points Total	Percentage
Customer Score	23	25	92%
Growth Score	23	25	92%
Employee Score	19	25	76%
Financial Score	16	25	64%
Total	**81**	**100**	**81%**

On the following pages, we will provide the following for each score:

- **Value Drivers**: Key factors that are driving value for your business
- **Improvements**: Highlight areas of improvements for future growth

Customer Score

Score: 23/25

What is measured?

For most small businesses, especially service-based businesses, and businesses with low-to-no assets; the customer base and the associated goodwill is the biggest asset a buyer is purchasing. This score measures the strength of your customer base.

Value Drivers:

<u>Customer Concentration</u>

Buyers typically look for a customer base in which no single client accounts for more than 8-10% of total sales. A diversified customer base insulates your company from the loss of a major customer. For example, if your three top customers generate 25-40% of your sales, a buyer will be concerned that one or more of them would leave upon learning that you sold your company. Customer concentration then, is a risk factor to be avoided regardless of the exit path you choose.

<u>Dependence on Owner</u>

Owner dependence is a business's reliance on the owner for the functioning of day-to-day operations. It means that the owner is too essential to the success of the company. Without him or her, the business can't function nearly as well if at all. For small businesses, buyers are concern that when the owner leaves, the customers will leave as well. Before selling it is important that those relationships are transferred to employees. Some businesses can't be transitioned because the talents of the original owners are too unique

<u>Customer Retention</u>

Customer loyalty is priceless and can even result in further customer acquisition for your company. After all, word of mouth advertising is not only free, but possibly one of the most credible forms of advertising. Customers will always talk, and they will always listen to other customers. Your customer base is a growing source of referrals for new customers. You can even encourage acquisition from your retention efforts by giving your existing customers incentives to refer their family and friends to your company.

Growth Score

Score: 23/25

What is measured?

The ability to display growth potential is a primary driver of value and is something that potential investors, buyers or partners are always looking for. This score measures the growth potential of the business.

Value Drivers:

Industry Outlook

Operating in a growing industry is key as the company growth is limited to the size of the marketplace. As an example, companies that focus on CD and DVD production are operating in a declining industry and will not be able to significantly grow which makes the company less valuable.

Scalability

A scalable business is one in which profit margins increase as revenues increase. Profit margins increase because costs do not rise in lockstep with increasing revenue. For example, most professional service firms like law firms are not highly scalable because their revenues are based on an individual lawyer's billing rates. To increase revenue, increase the number of lawyers; in other words, costs rise in tandem with revenue. Compare that to a business that licenses software to that same law firm—the cost to produce the software, once created, is almost nothing. The additional licensing revenue it receives increases revenue, profit margin, and cash flow.

Systems and Processes

Creating and implementing good business processes is an excellent way to increase a company's day-to-day productivity and profitability. It also lessens the risk of losing key knowledge if and when key workers retire or leave the company. For these reasons, it's vital that owners create business processes and systems and train their employees on how to perform them. Additionally, without proper systems and processes, companies will have a hard time scaling to the next level.

Employee Score

Score: 19/25

What is measured?

Buyers need to feel that customers can be retained after the seller departs. In addition, they want to know that employees can help deal with difficult issues in their own absence. Having qualified second-level management is a key benefit to selling your business and a major obstacle if they are not present. This score measures the employees / management of the business.

Value Drivers:

Are you able to take a two-week vacation and feel like your business is in good hands? Are you working 45 hours per week or are you working 55 to 65 hours per week? If your answer to the former question is yes and you are only working 45 hours per week, you may be in good shape as it relates to second-level management. If your answer to the two-week vacation question is no or you are working 55 to 65 hours per week, you may have a big obstacle that needs to be addressed to successfully sell your business.

Buyers need assurance that customer relationships can continue without the current owner's involvement. They also want to know that employees can deal with difficult issues that inevitably arise in the day-to-day running of a business. Buyers usually want the flexibility to take time off and want to have a life outside of their commitment to the business they intend to acquire.

If you do not have a much of a life outside of your business, it could be a strong indicator that your second-level management is inadequate or non-existent. Granted, good people are hard to find. But small business owners must persevere and identify talented employees, train them and provide increasing responsibilities. Owners need to delegate and "loosen the reins" and perhaps also "loosen the purse strings" for their best employees.

If all the knowledge about a business resides in the owner's head and has not been adequately transferred to key employees who are capable of running the business in the owner's absence, it's a significant obstacle that might preclude the possibility of a successful sale.

In the long run, the investment in a few key people will pay off. It will improve the prospects of selling your business, and likely will help the business grow, providing greater personal flexibility.

Financial Score

Score: 16/25

What is measured?

The ability to display growth potential is a primary driver of value and is something that potential investors, buyers or partners are always looking for. This score measures the growth potential of the business.

Value Drivers:

Record Keeping

Small businesses should use monthly or quarterly financial statements to monitor the progress of the business. The financial statements should provide reliable information that can be used as the basis for making decisions affecting the profitability of the business. Meaningful financial statements are also necessary to obtain lender financing.

Gross Margin

Your Gross Profit Margin tells you how much profit you make on each dollar earned before expenses. While it's not a true indicator of profit, it tells you a lot when evaluating the value of a business and helps you ask the right questions: (1) How do this company's margins compare to industry averages? (3) Is the pricing strategy sound? (3) How is the profitability of this industry holding up over time?

Revenue and Profitability

When valuing small businesses, the baseline of the value for most small businesses is how much cash does the business produce. Companies that have negative or declining revenue and profitability over time are less value than companies that have strong probability. Additionally, companies with growing and higher revenue and cash flows are usually able to garner higher multiples which makes the company more valuable.

Clean Cash Flow

It's not uncommon for small business owners to utilize tax savings strategies to minimal the company's tax burden year-to-year. While this may be a good short-term strategy, it negatively impacts not only the long-term value of the company but the deal terms. If you want max value as well as large portion of the sale paid to you upfront; avoid having messy cash flow.

Improvements:

Recurring Revenue

Building a business with more recurring revenue, as opposed to one with one-off revenue, has almost a direct correlation to an improvement in valuation. Buyers love recurring revenue as it gives them (1) guaranteed revenue monthly, (2) allow for better forecasting and (3) decreases customer acquisition cost over time.

Customer Score Questions	Score
How often, if at all, do your existing customers refer your company to their friends and colleagues: ___ Unsure ___ Never ___ Rarely ___ Sometimes _X_ Always	5
In the last 12 months, what proportion of your customers complained in writing (e.g. email, letter, and submission to your website)? ___ More than 10% ___ 5-10% _X_ 1-5% ___ Less than 1% ___ None	3
Please estimate the percentage of your customers who are VERY SATISFIED with the products/services which your company provides: ___ Unsure – we don't measure customer satisfaction ___ Less than 25% of our customers are "very satisfied" ___ 25%-50% of our customers are "very satisfied" ___ 51-75% of our customers are "very satisfied" _X_ More than 75% of our customers are "very satisfied"	5
What percentage of your overall revenue did your largest customer represent last year? ___ Unsure ___ 51%+ ___ 26-50% ___ 10-25% _X_ Under 10%	5
Which of the following best describes the potential impact of losing your largest customer? Would your business: ___ Unsure ___ Suffer a lot and not survive. ___ Suffer a lot but survive. ___ Suffer a little but survive. _X_ Hardly suffer at all and survive.	5

Scalability Score Questions	Score
What would you say your industry is? ___ Unsure ___ In Decline ___ Growing at about the rate of the economy ___ Growing a little faster than the economy _X_ Growing much faster than the economy	5
Which of the following best describes the possibility of your company selling more to your existing customers? ___ Unsure ___ Our customers are pretty much tapped out – we already sell or service them everything. ___ There are one or two complementary products or services we could be selling. ___ There are a reasonable number of other products or services that we could be selling. _X_ There are lots of complementary products and/or services we could be selling.	5
Would replicating your business to serve a new geographical area be: ___ Impossible ___ Very Difficult ___ Fairly Difficult _X_ Fairly Easy ___ Very Easy	4
What is the approximate market share for the products/services you sell: ___ Unsure ___ Most of the people who buy what you provide (more than 90% of market share) ___ More than half of the people who buy what you provide (more than 50% market share) ___ Less than half of the people who buy what you provide (less than 50% market share) _X_ A very small proportion of the people who buy what you provide (less than 10% market share)	5
How would you describe your company's written systems and processes? ___ Company lacks structure and has no formal written systems and processes ___ A quarter of the company's systems are processes are written and followed ___ Half of the company's systems and processes are written and followed. _X_ More than half (75%) of the company's systems and processes are written and followed. ___ Most (90%) of the company's systems and processes are written and followed.	4

Personnel Score Questions	Score
When was the last time you took a vacation? ___ Never ___ With the last 30 days _X_ Within the last 3 - 6 months ___ Within the last 6 - 12 months ___ It's been over a year	3
How would your business perform if you were out of action for 3 months and unable to work? ___ Unsure ___ Suffer a lot and not survive. ___ Suffer a lot but survive. ___ Suffer a little but survive. _X_ Hardly suffer at all and survive.	5
Which of the following best describes your personal relationship with your company's customers?* ___ I know each of my customers by first name and they expect that I personally get involved when they buy from the company. ___ I know most of my customers by first name and they usually want to deal with me rather than one of my employees. _X_ I know some of my customers by first name and a few of them prefer to deal with me rather than one of my employees. ___ I don't know my customers personally and rarely get involved in serving an individual customer.	4
Which of the following best describes your management team?* ___ We don't have one. ___ We have a couple of senior people who act as informal leaders, but their leadership roles are not clearly defined. _X_ We have managers in charge of sales/marketing and producing our services/products. ___ We have a management team in place, and they have a compensation package that provides a long-term financial incentive to stay with our company (i.e., more than an annual bonus).	4
The average employee has been with the company: ___ Under 1 Year ___ 1 – 5 Years _X_ 6 – 10 Years ___ 11 – 15 Years ___ 16+ Years	3

Financial Score Questions	Score
Which of the following best describes the exclusivity of your business to your customers?* ___ We sell a commodity product/service that our customers can get from many other suppliers. ___ We sell a product/service that our customers can get from a few other suppliers. _X_ We have a niche product/service that is unique in the marketplace so our customers would have to work hard to find another supplier of what we sell. ___ We have a monopoly on the product/service we sell.	4
Which of the following best describes the typical level of customization which you offer your customers?* ___ We offer a complete custom solution to meet the unique needs of each customer we serve. _X_ We have a basic set of products, methodologies, and services, but we often customize them a lot for customers. ___ We have a standard set of products, services, and methodologies that we tweak slightly for some customers. ___ We do not customize our products, services, or methodologies for individual customers.	3
What percentage of your sales/revenue is "recurring"? Recurring is defined as subscriptions, maintenance contracts, or annuity streams that your customer must proactively turn off or cancel in order to stop receiving the product or service? (i.e not "repeat" or "regular" customers) _X_ None ___ 1-25% ___ 26-50% ___ 51-75% ___ 76-100%	1
How do you typically get paid by your customers? ___ Half or more of customers are 100% billed after purchase or services rendered. ___ Less than half of customers are 100% billed after purchase or services rendered. _X_ An upfront deposit followed by the full balance after the customer receives what they bought. ___ Spread equally over the time it takes us to deliver what the customer bought. ___ 100% billed before the customer receives what they have purchased.	3
TVG will assess the financial affairs of the company and provide a score based on the following:* ___ Revenue trend ___ Gross Profit trend X Cash Flow trend ___ Level of books and records	5

Business Valuation

Section 04

T | V | G THE VANT GROUP

October 22, 2021

[Company Name]
[Street Address]
[City, State, Zip code]

Dear [Redacted],

We have completed our review of the Company as of the date of this letter. Located at [Redacted], the Company can be categorized under the North American Industry Classification System (NAICS) Code of **238350** – Finishing Contractor & **238350** – Other Building Finishing Contractor. Incepted in **[Redacted]**, the Company is a well-established and fast-growing sales and installation company that specializes in high quality replacement windows and doors.

Based on the information available to us, including the Company's historical financial statements compiled on a **Cash** basis and a **Cash** basis interim balance sheet through **July 31**, **2021** we estimate its value to be:

Total Value Calculation - Market Approach (Adj. EBITDA)		
Valuation Method	**Weight**	**Value**
Adj. EBITDA Valuation	80%	$ 7,019,061
Revenue Valuation	20%	$ 7,132,231
Total Value of Company	**100%**	**$ 7,041,695**
Rounded (1,000s)		*7,042,000*

Balance Sheet Breakdown

The following assets from the Company's balance sheet, as of **July 31, 2021**, were included in this valuation:

Assets			Liabilities		
Net Fixed Assets (FMV)*	$	120,000			
Totals Assets	**$**	**120,000**	**Total Liabilities**	**$**	**-**

**This number reflects the true value of the assets in current working condition (provided by the Company). This number is used in lieu of book value to more accurately provide business value.*

Fair Market Value of Assets
This figure reflects the true value of the assets in current working condition and is used in lieu of book value. The Fair Market Value of Assets were provided by Company's management.

Total Assets Included in Valuation
Total of all the assets included in the valuation.

The following assets and liabilities from the Company's balance sheet, as of **July 31, 2021**, were not included in this valuation:

Assets			Liabilities		
Cash	$	700,710	Accounts Payables	$	100
Net Fixed Assets (FMV)*	$	100,000	Other Current Liabilities	$	122,777
Other Current Assets	$	18,537	Mortgages, Notes, Bonds (> 1 year)	$	47,210
Net Other Long-Term Assets	$	49,465			
Totals Assets	**$**	**868,712**	**Total Liabilities**	**$**	**170,088**

Valuation Approaches

Section 05

Comparable Company Analysis

Market Approach - Comparable Company Method

The notion behind the comparable company method is that prices of merger and acquisition transactions in the same or a similar industry provide objective evidence as to values at which investors are willing to buy and sell interests in companies in that industry.

In applying the comparable company valuation method, the consultant usually computes a value multiple for each comparative company. The appropriate multiple is then determined and adjusted for the unique aspects of the company being valued. This multiple is then applied to the company being valued to arrive at an estimate of value for the appropriate ownership interest. A value multiple represents a ratio that uses a comparative company's price as the numerator and a measure of the comparative company's operating results (or financial position) as the denominator. The most well-known value multiple is sale price/Adj. EBITDA whereby a company's price is divided by its Adj. EBITDA. Another well-known value multiple is sale price/revenue whereby a company's price is divided by its revenue. The process of computing the value multiples normally consists of the following procedures:

1. Numerator: determine the appropriate price for each comparative company.
2. Denominator: determine the measure of operating results (Adj. EBITDA, revenue, earnings, etc.) for the appropriate time period or financial position as of the valuation date.

The application of this method depends on the selection of publicly traded and/or privately held comparative companies that are similar enough to the Company so as to provide a meaningful comparison. The following is a discussion of the search for comparatives for this Company.

Search for Comparatives

We researched comparable transactions with a North American Industry Classification (NAICS) code of **238350** – Finishing Contractor & **238350** – Other Building Finishing Contractor, due to the subject Company's core services. We took the given set of comparable transactions and narrowed our search based off –

1. Comparable companies with a positive reported EBITDA, similar to the subject Company.
2. Relative size of the comparable companies, ensuring the comparable companies had reported net sales ranging from $3,000,000 - $8,000,000.
3. No real estate acquired.
4. The target country as the United States.

Assigned Weightings

When analyzing multiple years of financials, generally speaking, the Adj. EBITDA is weighted with the most recent completed year having the most weight as it's assumed the company's immediate financial performance will be more aligned with future performance as oppose to the company's performance two to three years ago. In theory, a declining weighting system is used where the most recent completed year will have the highest weight; the weights decrease and are lowered as we move further into more historical years, which ultimately have a lesser impact to the weighted average.

The following revenue and Adj. EBITDA figures were used to determine the value:

Revenue		Assigned Weightings	Adjusted EBITDA	
2021 Annualized	$ 7,066,424	55%	2021 Annualized	$ 1,699,709
2020	$ 5,073,814	45%	2020	$ 1,057,207
2019	$ 3,309,137	0%	2019	$ 559,197
2018	$ 3,704,466	0%	2018	$ 449,557
Used for Valuation	**$ 6,169,750**	**100%**	**Used for Valuation**	**$ 1,410,583**

Price to Adj. EBITDA Multiple

The Total Entity Value of the Company based on the Price to Adj. EBITDA Multiple method is estimated to be **$7,019,000**. In the Price to Adj. EBITDA method, Adj. EBITDA from the weighted average of **most recent historical periods'** times the multiple of **4.98x** equals the estimate of Total Entity Value. In this situation, the appropriate multiple was determined by taking applying a multiple adjustment due to the company's Adj. EBITDA growth of 60.8% between 2020 and 2021, as well as the company being located in the DFW area, which is one of the fastest growing areas in the country.

Price to Adj. EBITDA Multiple

Year	Adj. EBITDA	Weight	Adj. EBITDA Margin
2021 Annualized	$ 1,699,709	55%	24.1%
2020	$ 1,057,207	45%	20.8%
2019	$ 559,197	0%	16.9%
2018	$ 449,557	0%	12.1%
Weighted Average			$ 1,410,583
Multiple Applied			4.98x
Adj. EBITDA Valuation			$ 7,019,061

Price to Revenue Multiple

The Total Entity Value of the Company based on the Price to Revenue Multiple method is estimated to be **$7,132,000**. In the Price to Revenue Multiple method, Net Revenue from the weighted average of **most recent historical periods'** times the adjusted revenue multiple of **1.16x,** equals the estimate of Total Entity Value. We elected to grant a revenue adjustment, because a firm with a high after-tax profit margin will command a higher price-to-revenue multiple than that of a firm with a low after-tax profit margin, holding all else constant. We conducted two different calculations to normalize the multiples. First, weighted average Adj. EBITDA margin of the subject was divided by the EBITDA margin of peer. In determining the adjusted revenue multiple, raw multiple was multiplied against relative margin.

Price to Revenue Multiple

Year	Revenue	Weight
2021 Annualized	$ 7,066,424	55%
2020	$ 5,073,814	45%
2019	$ 3,309,137	0%
2018	$ 3,704,466	0%

Weighted Average	$	6,169,750
Multiple Applied		1.16x
Revenue Valuation	$	7,132,231

Conclusions of Value

The Total Entity Value of the Company based on the Price to Adj. EBITDA Multiple is estimated to by **$7,019,000**. Because of the high importance of cash flow with respect to operating performance, profitability, and investor returns, we elected to give the Price to Adj. EBITDA Multiple greater weight than the Price to Revenue Multiple by a ratio of 80% to 20%. The Total Entity Value of the Company based on the Price to Revenue Multiple method is estimated to be **$7,132,000**.

The below table is a summary of company value based on a comparable companies/transactions method:

Comparable Companies Method - Adj. EBITDA				
Multiple Applied:		**Value as Calculated By:**		**Weight**
Adj. EBITDA Multiple	4.98x	Adj. EBITDA Value	$7,019,061	80%
Revenue Multiple	1.16x	Revenue Value	$7,132,231	20%
Total Value of Company			**$ 7,041,695**	**100%**

Allocation of Value

A goodwill allocation reflects the value of a business as a going concern above and beyond the net of balance sheet items included in the Total Value of the Company. The Goodwill Allocation is calculated by subtracting the value of the Total Assets Included in Valuation from the Total Value of the Company.

Total Value of the Company	**$**	**7,041,695**
Net Fixed Assets (FMV)	$	120,000
Goodwill Allocation	$	6,921,695

Deal Structure

Section 06

Deal Structure

Although it is important to understand what makes a valuation, one must also understand the importance of how the valuation translates in the event of a potential sale. With most sales of company ownership, especially in the case of majority to full ownership, deal structures often come into play from the amount of risk being transferred from one party to another.

Deal structures are a set of financial and conditional terms that assist in guiding a smooth transfer based at a given price; and there are a multitude of factors that affect deal structures. These factors being both subjective and objective, we've gathered our analysis and took heavy consideration into the potential deal structures that may arise in the sale of ownership under the intended purpose of valuation for the Company:

Possible Deal Structure					
Total Value	**Cash Upfront**	**Seller's Note**	**Guranteed**	**Earn-Out**	**Non-Guaranteed**
$ 7,042,000	$ 5,338,000	$ 704,000	86%	$ 1,000,000	14%

Notes to Deal Structures

1. **Guaranteed.** Defined as cash received at closing as well as any owner / seller notes.

2. **Non-Guaranteed.** These payments are the earn-out / performance-based payments

3. **Additional Notes to Deal Structures:**
   While it is important for business owners to understand the valuation price of their company, it's equally important for them to understand the deal structure as it will determine:

   - Money paid at closing
   - Flow of funds (do you get all your money in 1 year or 10 years)
   - Guaranteed vs Non-Guaranteed money
   - Seller's post-closing involvement
   - Taxes

   As an example, you may want $2,000,000 for your business and a buyer offers you $2,000,000 however you only get $1 a day. You may like the price but not the overall terms of the deal. As you can see, price and deal structure go hand-and-hand and a change one can impact the other. Below is how we foresee the deal structure impacting your overall value:

4. **Deal Structure:**
   Given the company's idiosyncratic (company-specific) risk profile that is walked through in this Business Valuation, if the subject Company were to enter the open market for sale, we value the company for sale at a price of **$7,042,000**. Due to the exponential growth the company has experienced over the last couple of years that we believe is attributed to the fast-

growing area the company is located in, as well as COVID, which required homeowners to stay at home; increasing the likeliness of homeowners, replacing their windows and doors. We believe you will need to include an earn-out component to achieve maximum value (**$7,042,000**). We feel you can get up to **$5,338,000** of the value at closing with **$704,000** coming over the next **3 – 5 years** as a seller / owner note (guaranteed) and the remaining **$1,000,000** coming as an earn-out provision.

An earn-out is a contractual provision stating that the seller of a business is to obtain additional compensation in the future if the business achieves certain financial goals, which are usually stated as a percentage of gross sales or earnings.

The earn-out will be tied to how the book of business performances over the next 3 – 5 years (tied to either Revenue or adjusted EBITDA).

Comparative Financial Analysis

Section 07

How Much Does a Business Owner REALLY Make?

One of the most difficult aspects of acquiring a business is understanding how much money the business owner is truly making. You've probably heard a dozen terms to describe the profit of a business – Cash Flow, True Owner Net, Seller's Discretionary Earnings (SDE), Seller's Discretionary Cash Flow, Owner Benefit, EBITDA – these terms all pretty much answer the same question … how much money does the owner really make?

What you have to understand and accept first, before even looking at a financial statement or report, is that the objective of a business owner is to make as much money and pay as little tax as possible and that "good" accountants and CPAs find ways to help business owners accomplish this goal. This can make your attempt to determine true cash flow a little more difficult, but always keep one thing in mind – the money is there … you just have to find it.

Recasting
The first step we take in determining a business' cash flow is to recast the financials. Recasting financials is a fancy term that simply means we "correct" them, or adjust them, to provide a more accurate picture of what the business is truly producing in regards to profit. When we recast financials, we are looking for expenses to "add back" into the net profit of the business – we call these items add-backs, or fringe benefits.

Personal Expense
As a rule-of-thumb, anything that is a personal expense is an add-back. This commonly includes items such as family cell phone plans, family health insurance coverage, personal vehicles and meals. Keep in mind that some of these items could be a combination of both personal and business expenses, so we must be careful only to addback the portion of the expense that is truly personal use.

Discretionary Spending
In addition to personal expenses, we also have discretionary spending to account for. These expenses can include charitable donations, excessive legal fees or season tickets to a local sporting venue. What we are looking for here are specific items, although they are often legitimate business expenses, that are not mandatory to operate the business – hence, discretionary, meaning a new owner can choose not to spend this money and the business will not suffer.

Non-Recurring Expense
Another major add-back can be the one-time, non-recurring or extraordinary expense. Maybe a business owner paid cash for a new piece of equipment, maybe there was a major repair that had to be done to the building after a storm, or maybe the business owner hired a consultant to evaluate his operational processes. These are all examples of legitimate business expenses that were unique and only appear once in several years of financial records. We add those items back in because they skew the "normal" cash flow picture of the business.

Owner’s Salary

Don’t forget about the owner’s salary, or any pay outs to partners or other family members that are shown as expenses. We add these items back too. They are the easiest expenses to add back because the owner could very easily choose not to pay himself a salary, and those dollars would simply fall to the bottom line profit of the business.

EBITDA

A note on EBITDA, which stands for Earnings Before Interest, Taxes, Depreciation and Amortization. This simply refers to a business’ profit before any interest; certain taxes, depreciation and amortization are deducted. EBITDA is the most widely-accepted indicator of a business’ profitability, and any CPA will tell you it is universally accepted. EBITDA becomes less relevant as businesses become smaller in size, but nonetheless those items are still added back in our recast.

So once we have examined the financial statements and determined what personal expenses, discretionary spending, non-recurring charges, owner’s salary and EBITDA items should be added back, we have completed the recasting of the financials. Now we have a very clear understanding of what the business’ true cash flow is. Think of it as a pot of money at the end of the recasting rainbow – then it’s up to you as the new owner of the business to determine how you want to run your books, and allocate those funds accordingly to empty your pot as you see fit.

[Company Name]
Comparative Income Statement (Cash Basis)

	2018 Tax Return		2019 Tax Return		2020 Tax Return		2021 (Jan - Jul)		2021 Annualized	
Sales	**$ 3,704,466**		**$ 3,309,137**		**$ 5,073,814**		**$ 4,122,081**		**$ 7,066,424**	
Cost of Goods Sold	1,155,890	31.2%	1,038,120	31.4%	1,879,089	37.0%	1,325,127	32.1%	2,271,647	32.1%
Net Gain	-	0.0%	(14,501)	-0.4%	(2,255)	0.0%	(7,890)	-0.2%	(13,526)	-0.2%
Other Income	-	0.0%	2,897	0.1%	8,767	0.2%	112,977	2.7%	193,675	2.7%
Gross Profit	**$ 2,548,576**	68.8%	**$ 2,259,413**	68.3%	**$ 3,201,237**	63.1%	**$ 2,902,040**	70.4%	**$ 4,974,926**	70.4%
Operating Expenses										
Compensation of Officers	184,000	5.0%	220,081	6.7%	500,813	9.9%	352,903	8.6%	604,977	8.6%
Salaries and Wages	415,612	11.2%	417,556	12.6%	637,917	12.6%	743,503	18.0%	1,274,577	18.0%
Repairs & Maintenance	2,324	0.1%	1,377	0.0%	4,059	0.1%	3,601	0.1%	6,173	0.1%
Rent[A]	65,575	1.8%	86,450	2.6%	103,156	2.0%	8,306	0.2%	14,239	0.2%
Taxes & Licenses	122,058	3.3%	79,919	2.4%	77,178	1.5%	21,552	0.5%	36,946	0.5%
Interest	13,722	0.4%	3,771	0.1%	7,424	0.1%	1,958	0.0%	3,356	0.0%
Depreciation	120,580	3.3%	137,890	4.2%	17,095	0.3%	-	0.0%	-	0.0%
Advertising	717,060	19.4%	513,406	15.5%	401,466	7.9%	332,556	8.1%	570,096	8.1%
Other Deductions										
Auto and Truck Expense	34,064	0.9%	30,919	0.9%	18,396	0.4%	16,437	0.4%	28,178	0.4%
Bank Charges	819	0.0%	727	0.0%	583	0.0%	425	0.0%	729	0.0%
Business Promotions	285	0.0%	5,741	0.2%	7,862	0.2%	82	0.0%	141	0.0%
Communications[B]	745	0.0%	15,311	0.5%	1,065	0.0%	649	0.0%	1,113	0.0%
Computer and Interest Expenses	939	0.0%	-	0.0%	-	0.0%	10,529	0.3%	18,050	0.3%
Credit Card Processing Fees	35,521	1.0%	41,316	1.2%	44,586	0.9%	25,584	0.6%	43,858	0.6%
Dues and Subscriptions	5,524	0.1%	8,134	0.2%	10,461	0.2%	54,800	1.3%	93,943	1.3%
Employee Expenses/Relations	202	0.0%	-	0.0%	-	0.0%	580	0.0%	994	0.0%
Insurance	25,106	0.7%	17,067	0.5%	20,328	0.4%	22,398	0.5%	38,397	0.5%
Legal and Professional	13,930	0.4%	30,968	0.9%	12,200	0.2%	-	0.0%	-	0.0%
Meals	2,387	0.1%	356	0.0%	1,496	0.0%	4,766	0.1%	8,170	0.1%
Office Expenses	18,034	0.5%	16,734	0.5%	8,052	0.2%	7,243	0.2%	12,416	0.2%
Outside Services[C]	642,484	17.3%	449,027	13.6%	729,733	14.4%	502,475	asc	861,386	12.2%
Parking Fees and Tolls	2,593	0.1%	3,283	0.1%	2,532	0.0%	2,080	0.1%	3,566	0.1%
Postage	894	0.0%	868	0.0%	897	0.0%	421	0.0%	723	0.0%
Security	818	0.0%	-	0.0%	257	0.0%	128	0.0%	219	0.0%
Supplies	18,743	0.5%	25,563	0.8%	14,655	0.3%	17,016	0.4%	29,171	0.4%
Telephone[D]	12,977	0.4%	-	0.0%	18,463	0.4%	-	0.0%	-	0.0%
Training[E]	76,937	2.1%	-	0.0%	-	0.0%	1,150	0.0%	1,971	0.0%
Travel	11,269	0.3%	3,156	0.1%	28,997	0.6%	21,444	0.5%	36,760	0.5%
Utilities	10,616	0.3%	10,696	0.3%	21,539	0.4%	18,071	0.4%	30,979	0.4%
Computer Services and Supplies	-	0.0%	6,408	0.2%	11,052	0.2%	-	0.0%	-	0.0%
Permits and Fees	-	0.0%	2,736	0.1%	1,980	0.0%	1,029	0.0%	1,764	0.0%
Training/Continuing Education[F]	-	0.0%	18,740	0.6%	6,176	0.1%	-	0.0%	-	0.0%
Telephone & Communications[G]	-	0.0%	15,311	0.5%	-	0.0%	17,409	0.4%	29,843	0.4%
Bookkeeping	-	0.0%	222	0.0%	-	0.0%	-	0.0%	-	0.0%
Contract Labor[H]	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Professional Fees	-	0.0%	-	0.0%	-	0.0%	5,341	0.1%	9,156	0.1%
Software Expense	-	0.0%	-	0.0%	-	0.0%	6,673	0.2%	11,439	0.2%
Medical Expenses	-	0.0%	-	0.0%	-	0.0%	23,736	0.6%	40,690	0.6%
Total Other Deductions	***914,887***	***24.7%***	***703,283***	***21.3%***	***961,310***	***18.9%***	***760,466***	***18.4%***	***1,303,656***	***18.4%***
Total Operating Expenses	**$ 2,555,818**	69.0%	**$ 2,163,733**	65.4%	**$ 2,710,418**	53.4%	**$ 2,224,845**	54.0%	**$ 3,814,019**	54.0%
Income from Operations	**$ (7,242)**	-0.2%	**$ 95,680**	2.9%	**$ 490,819**	9.7%	**$ 677,196**	16.4%	**$ 1,160,907**	16.4%

[Company Name]
Comparative Income Statement (Cash Basis)

	2018 Tax Return		2019 Tax Return		2020 Tax Return		2021 (Jan - Jul)		2021 Annualized	
Bankable EBITDA										
1 Net Gain	-	0.0%	14,501	0.4%	2,255	0.0%	7,890	0.2%	13,526	0.2%
2 Other Income	-	0.0%	(2,897)	-0.1%	(8,767)	-0.2%	(112,977)	-2.7%	(193,675)	-2.7%
3 Owner Salary - [Redacted]	184,000	5.0%	169,081	5.1%	429,050	8.5%	352,903	8.6%	604,977	8.6%
4 Spouse Salary - [Redacted]	-	0.0%	51,000	1.5%	71,763	1.4%	68,121	1.7%	116,778	1.7%
5 Rent Adjustment	-	0.0%	-	0.0%	-	0.0%	(47,694)	-1.2%	(81,761)	-1.2%
6 Interest	13,722	0.4%	3,771	0.1%	7,424	0.1%	1,958	0.0%	3,356	0.0%
7 Depreciation	120,580	3.3%	137,890	4.2%	17,095	0.3%	-	0.0%	-	0.0%
Total Bankable EBITDA	**$ 311,060**	8.4%	**$ 469,026**	14.2%	**$ 1,009,639**	19.9%	**$ 947,396**	23.0%	**$ 1,624,108**	23.0%
Non-Essential Expenses										
8 Auto Expenses	8,500	0.2%	7,500	0.2%	3,000	0.1%	16,437	0.4%	28,178	0.4%
9 Owner's Other Family Member	85,421	2.3%	53,531	1.6%	7,526	0.1%	-	0.0%	-	0.0%
10 Cell Phone	6,136	0.2%	6,734	0.2%	6,882	0.1%	4,016	0.1%	6,885	0.1%
11 Dues and Subscriptions	5,524	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
12 Health Insurance	11,760	0.3%	10,894	0.3%	-	0.0%	-	0.0%	-	0.0%
13 Meals & Entertainment	2,387	0.1%	356	0.0%	1,496	0.0%	2,204	0.1%	3,778	0.1%
14 Auto Insurance	7,500	0.2%	8,000	0.2%	-	0.0%	-	0.0%	-	0.0%
15 Travel	11,269	0.3%	3,156	0.1%	28,664	0.6%	21,444	0.5%	36,760	0.5%
Total Non-Essential Expenses	**$ 138,497**	3.7%	**$ 90,171**	2.7%	**$ 47,568**	0.9%	**$ 44,101**	1.1%	**$ 75,601**	1.1%
Adjusted EBITDA	**$ 449,557**	12.1%	**$ 559,197**	16.9%	**$ 1,057,207**	20.8%	**$ 991,497**	24.1%	**$ 1,699,709**	24.1%

Footnotes

Tax Return / P&L Line Item	
1 Net Gain	Company sold one of its assets during the fiscal year and this figure represents the net gain received from the sale. If the number is positive, the company made money on the sale. If it's negative, the company lost money on the sale. Since buying and selling assets is not the company's primary operation, this figure added back as it's non-essential revenue and can vary from owner to owner on when or if they decide to sell assets.
2 Other Income	Income the company received outside of it's main business.
3 Compensation of Officers	[Redacted] is a 100% owner of the company. [Redacted] works about 30 to 35 hours a week in the business. [Redacted] responsibilities include, but are not limited to managing the operations of the business as well as overseeing all managers to keep business flow and accountability. Given this is a discretionary expense, we have elected to addback the full salary of the owner. This addback directly ties back to the compensation of officers line item on the company's tax return.
4 Compensation of Officers	[Redacted] does not own the company. [Redacted] works about 25 to 30 hours a week in the business. [Redacted] responsibilities include, but are not limited to managing the marketing and sales for the business. Given this is a discretionary expense, we have elected to addback the full salary of the [Redacted]. This addback directly ties back to the compensation of officers line item on the company's tax return.
5 None	At time of valuation the company did not have rent recorded as of July 31, 2021. This adjustment represents the adjustment needed to normalize the rent to reflect what the rent would be as of July 31, 2021. The company's lease payments are $8,000/month.
6 Interest	While interest is considered an operating activity on the cash flow statement, since interest is subjective to the buyer and can chan ge
7 Depreciation	
8	Depreciation is a non-cash expense. This figure represents assets the company has purchased over the years and have capitalized on
	Owner's personal auto expenses. This is a non-essential expense.
10	Owner's Other Family Member Salary. Given this is a discretionary expense, we have elected to addback the salaries of the owner's other family members minus the cost to replace the family member employee with a non-family member employee. This addback directly ties back to the salaries and wage line item on the company's tax return. A positive adjustment means the owner's other family members salary is higher than the non-family member replacement salary and a the owner's other family members salary is lower than the non-family member replacement salary.
11	Owner's personal cell phone. This is a non-essential expense.
12	Owner's personal dues and subscriptions. This is a non-essential expense.
13	Owner's personal health insurance. This is a non-essential expense.
14	Owner's personal meals and entertainment expense. This is a non-essential expense.
15	Owner's personal auto insurance. This is a non-essential expense.
	Owner's personal travel. This is a non-essential expense.

[Company Name]
Comparative Income Statement (Cash Basis)

	2018 Tax Return	2019 Tax Return	2020 Tax Return	2021 (Jan - Jul)	2021 Annualized

Notes to Financial Variances

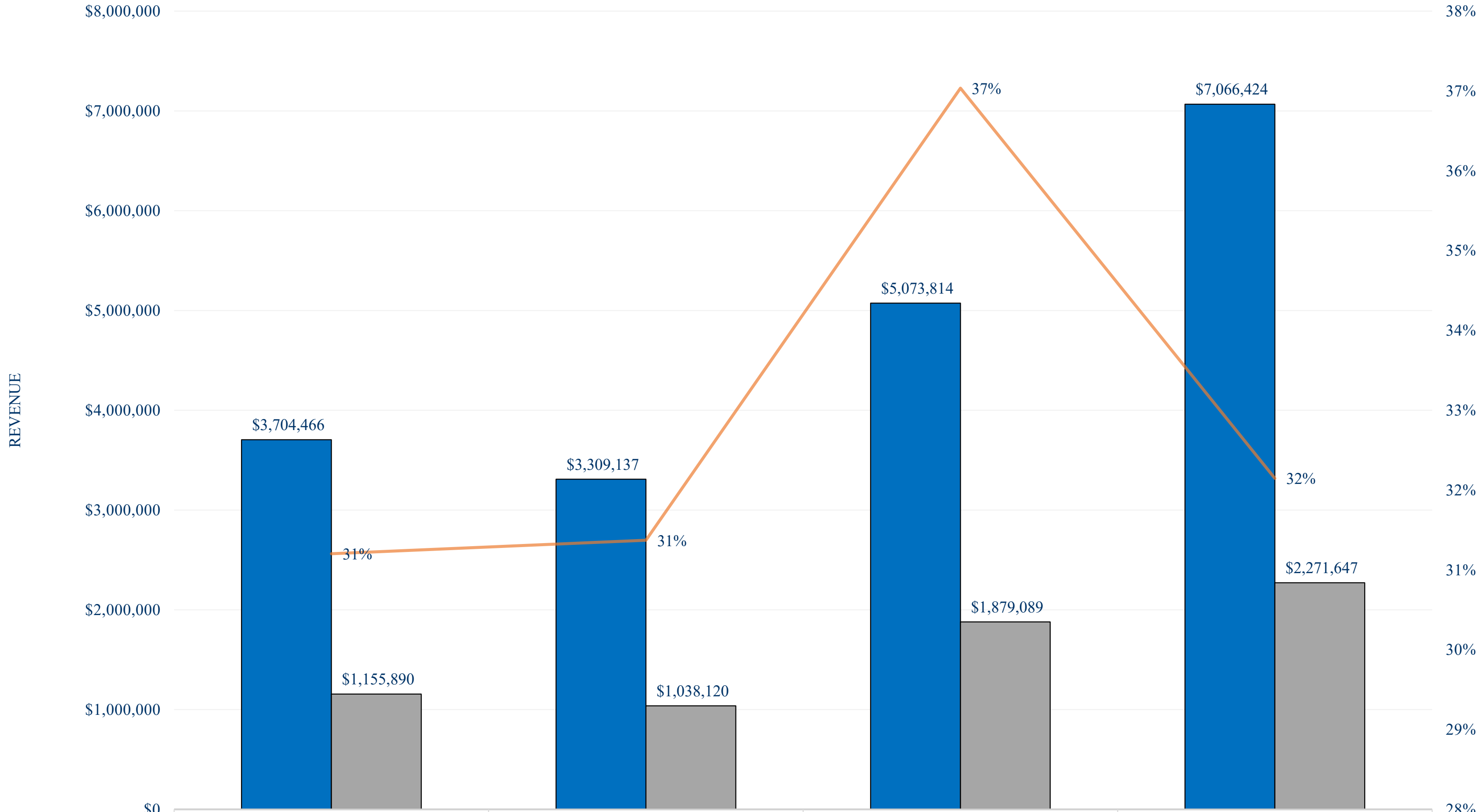
Tax Return / P&L Line Item	
A Rent	The company has paid Rent through July 31, 2021; however, it was not recorded at time of valuation.
B Communications	This expense is related to the company's Telephone & Communications line item expense.
C Outside Services	Recorded as Contract Labor on the company's Internal Financials Statements. Moved to Outside Services.
D Telephone	This expense is related to the company's Telephone & Communications line item expense.
E Training	This expense is related to the company's Training/Continuing Education line item expense.
F Training/Continuing Education	This expense is related to the company's Training line item expense.
G Telephone & Communications	This expense is related to the company's Telephone and Communications line item expense.
H Contract Labor	Recorded as Outside Services on the company's Tax Returns. Moved to Outside Services.

[Company Name]

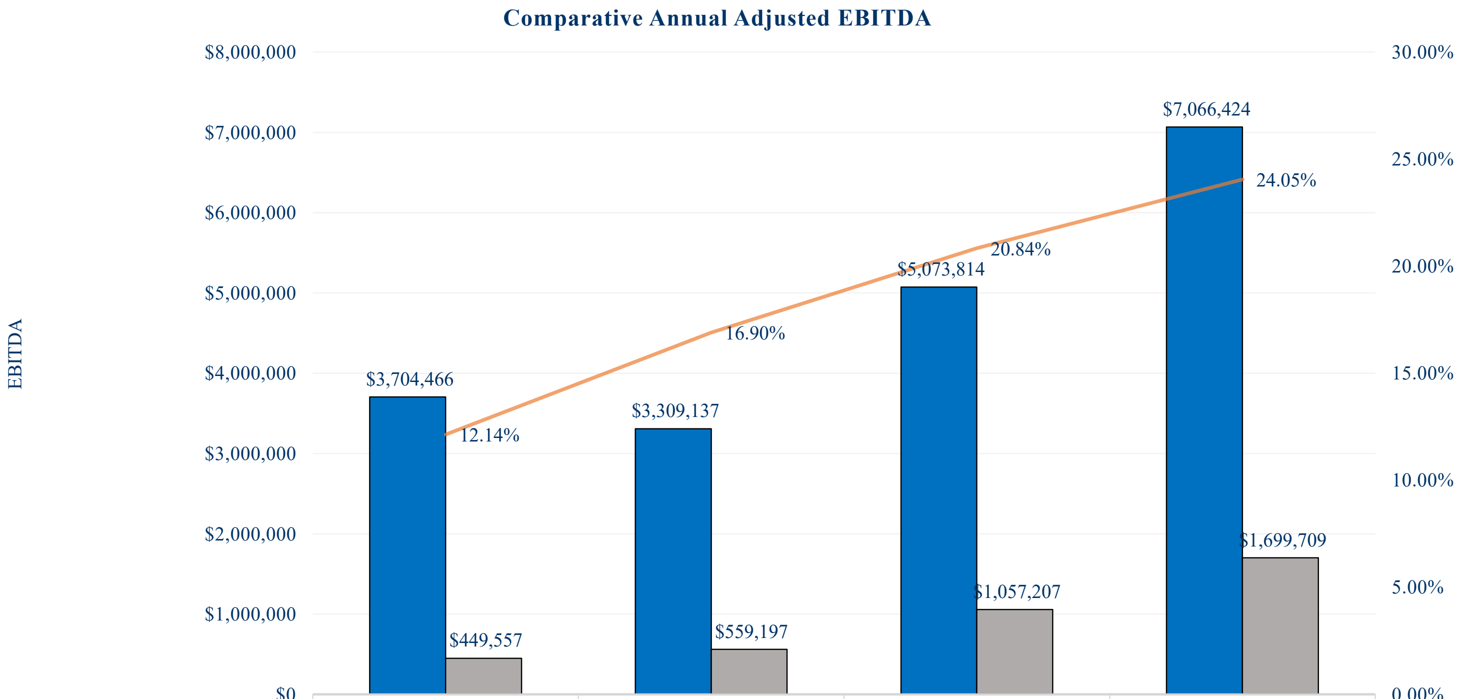
Comparative Balance Sheet (Cash Basis)

	2018 Tax Return	2019 Tax Return	2020 Tax Return	2021 Jul
Assets				
Current Assets				
Cash	-	58,641	382,512	700,710
Other Current Assets	-	40,004	12,451	18,537
Payroll Taxes Receivable	34,649	-	-	-
Total Current Assets	**$ 34,649**	**$ 98,645**	**$ 394,963**	**$ 719,247**
Fixed Assets				
Buildings and Other Depreciable Assets	449,422	344,206	338,369	412,926
Less: Accumulated Depreciation	(362,573)	(286,217)	(199,440)	(195,787)
Net Fixed Assets	**$ 86,849**	**$ 57,989**	**$ 138,929**	**$ 217,139**
Other Assets				
Other Assets	104,174	7,563	7,564	49,465
Net Other Long-Term Assets	**$ 104,174**	**$ 7,563**	**$ 7,564**	**$ 49,465**
Total Assets	**$ 225,672**	**$ 164,197**	**$ 541,456**	**$ 985,851**
Liabilities & Shareholder Equity				
Current Liabilities				
Accounts Payables	42	-	-	100
Other Current Liabilities	48,328	36,553	65,394	122,777
Total Current Liabilities	**$ 48,370**	**$ 36,553**	**$ 65,394**	**$ 122,777**
Noncurrent Liabilities				
Other Noncurrent Liabilities	235,025	182,567	197,986	47,210
Total Noncurrent Liabilities	**$ 235,025**	**$ 182,567**	**$ 197,986**	**$ 47,210**
Total Liabilities	**$ 283,395**	**$ 219,120**	**$ 263,380**	**$ 169,988**
Shareholder Equity				
Shareholder Draw	-	-	-	(139,408)
Capital Stock	1,000	1,000	1,000	1,000
Additional Paid in Capital	51,650	-	-	-
Retained Earnings	(110,373)	(55,923)	277,076	277,076
Current Period Income (Loss)	-	-	-	677,196
Total Shareholder Equity	**$ (57,723)**	**$ (54,923)**	**$ 278,076**	**$ 815,864**
Total Liabilities and Equity	**$ 225,672**	**$ 164,197**	**$ 541,456**	**$ 985,851**

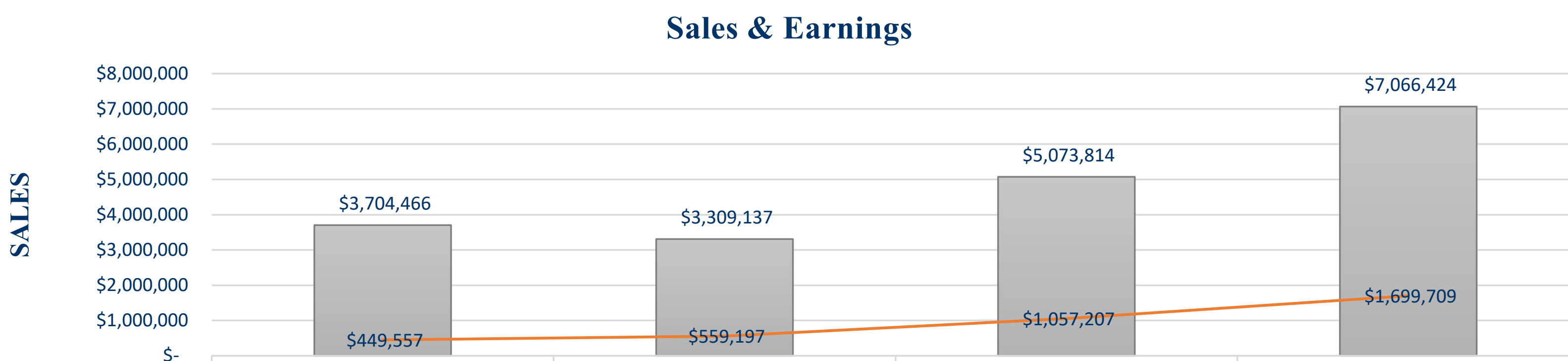
Comparative Annual Revenue and COGS Analysis



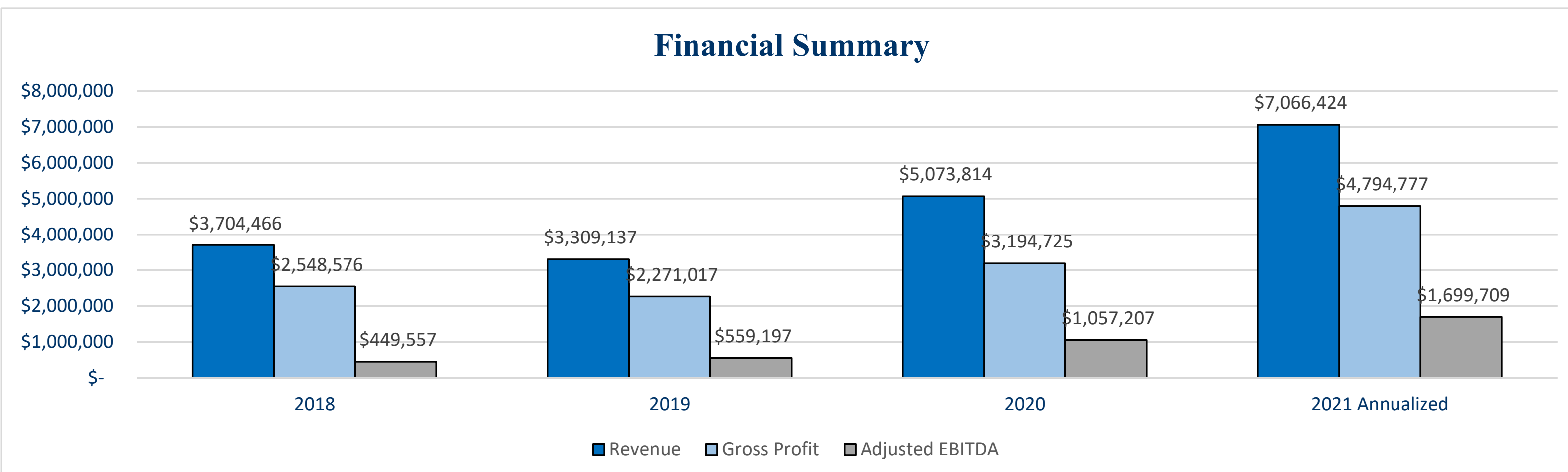
	2018	2019	2020	2021 Annualized
Revenue	$3,704,466	$3,309,137	$5,073,814	$7,066,424
Cost of Goods Sold	$1,155,890	$1,038,120	$1,879,089	$2,271,647
COGS as %	31%	31%	37%	32%



	2018	2019	2020	2021 Annualized
Revenue	$3,704,466	$3,309,137	$5,073,814	$7,066,424
Adjusted EBITDA	$449,557	$559,197	$1,057,207	$1,699,709
Adjusted EBITDA as a % of Sales	12.14%	16.90%	20.84%	24.05%



	2018	2019	2020	2021 Annualized
Revenue	$3,704,466	$3,309,137	$5,073,814	$7,066,424
Adjusted EBITDA	$449,557	$559,197	$1,057,207	$1,699,709



Comparable Companies and Transactions

Section 08

Comparable Company Analysis

Sources: *DealStats* and *BizBuySell*

Source	Comparable	Sale Price or MVIC	Revenue	EBITDA	A/R	Inventory	Real estate	FF&E	EBITDA / Revenue	Relative Cash Flow	EBITDA Multiple	Revenue Multiple	Adjusted Revenue Multiple
DealStats	Company 1	$ 225,000	$ 3,609,000	$ 92,000	$ -	$ 16,000	$ -	$ 59,000	2.5%	8.87	2.45x	0.06x	0.55x
DealStats	Company 2	$ 2,200,000	$ 4,953,347	$ 611,144	$ 1,200,000	$ 20,000	$ -	$ 450,000	12.3%	1.83	3.60x	0.44x	0.81x
DealStats	Company 3	$ 1,300,000	$ 5,104,626	$ 877,356	$ -	$ 82,000	$ -	$ 27,500	17.2%	1.32	1.48x	0.25x	0.33x
DealStats	Company 4	$ 1,170,000	$ 4,403,901	$ 239,048	$ 9,510	$ 150,000	$ -	$ 300,000	5.4%	4.16	4.89x	0.27x	1.11x
DealStats	Company 5	$ 980,000	$ 3,360,000	$ 200,500	$ 35,890	$ 136,072	$ 672,104	$ 283,581	6.0%	3.79	1.54x	0.09x	0.35x
DealStats	Company 6	$ 1,280,000	$ 3,081,743	$ 281,669	$ -	$ 50,000	$ -	$ 125,000	9.1%	2.47	4.54x	0.42x	1.03x
DealStats	Company 7	$ 3,400,000	$ 5,754,829	$ 690,588	$ 300	$ 20,000	$ -	$ 362,942	12.0%	1.88	4.92x	0.59x	1.11x
DealStats	Company 8	$ 1,660,000	$ 3,700,000	$ 431,000	$ -	$ -	$ -	$ -	11.6%	1.94	3.85x	0.45x	0.87x
BBS - Active	**Company 9**	$ 1,600,000	$ 3,100,000	$ 500,000	$ -	$ 30,000	$ -	$ 100,000	16.1%	1.40	3.20x	0.52x	0.72x
BBS - Active	**Company 10**	$ 6,000,000	$ 5,313,204	$ 957,909	$ -	$ -	$ -	$ -	18.0%	1.25	6.26x	1.13x	1.42x
BBS - Active	**Company 11**	$ 2,600,000	$ 9,327,000	$ 653,000	$ -	$ 750,000	$ -	$ 1,000,000	7.0%	3.23	3.98x	0.28x	0.90x

The multiples displayed in this set of selected comparable were normalized for any real estate included in the sale.

This set of selected comparable transactions exhibits the following range of valuation multiples**:**

Comparable	Sale Price or MVIC	Revenue	EBITDA	EBITDA / Revenue	Relative Cash Flow	EBITDA Multiple	Revenue Multiple	Adjusted Revenue Multiple
Maximum	$ 6,000,000	$ 9,327,000	$ 957,909	18%	8.87	5.64x	1.02x	1.42x
75th Percentile	$ 2,500,000	$ 5,261,060	$ 681,191	15%	3.04	4.81x	0.46x	1.09x
Median	$ 1,630,000	$ 4,678,624	$ 555,572	12%	1.91	3.73x	0.43x	0.89x
25th Percentile	$ 1,285,000	$ 3,631,750	$ 319,002	8%	1.51	3.06x	0.26x	0.75x
Minimum	$ 225,000	$ 3,081,743	$ 92,000	3%	1.25	1.48x	0.06x	0.33x

Adjustments to Transactions

Although no transactions are alike, there are outliers that unfairly skew the Company's valuation away from market value. Both the Adj. EBITDA multiple and the adjusted revenue multiple for company **5** fit the label as outliers. Due to this, we decided to leave their EBITDA and adjusted revenue multiple out of the Company's valuation analysis.

Search Criteria

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DealStats contained 8 selected transactions with the following criteria:

- NAICS was among 238350, 238390
- Net Sales was between $3,000,000 and $8,000,000
- EBITDA was greater than or equal to $1
- Real Estate Acquired was false
- Target Country UNITED STATES

Transaction Summary

Statistic	Count	Range	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile	H Mean	WH Mean	Mean	Coefficient of Variation
Sale Date	8	03/31/2004 — 04/10/2020									
Net Sales	8	$3,081,743 — $5,754,829	$3,276,523	$3,546,750	$4,051,951	$4,991,167	$5,299,687			$4,245,931	
MVIC Price	8	$225,000 — $3,400,000	$753,500	$1,122,500	$1,290,000	$1,795,000	$2,560,000			$1,526,875	
EBITDA	8	$92,000 — $877,356	$167,950	$229,411	$356,335	$631,005	$746,618			$427,913	
Seller's Discretionary Earnings (SDE)	8	$180,000 — $1,112,000	$286,187	$350,299	$635,626	$976,857	$1,097,575			$660,190	
Gross Profit Margin	8	21.3% — 48.6%	24.1%	36.1%	42.4%	44.7%	46.1%			38.7%	
SDE Margin	8	5.0% — 30.1%	6.8%	9.8%	14.3%	18.9%	24.0%			15.1%	
EBITDA Margin	8	2.5% — 17.2%	4.6%	5.8%	10.4%	12.1%	13.8%			9.5%	
Operating Profit Margin	8	2.5% — 17.2%	3.2%	3.9%	8.8%	11.0%	13.0%			8.4%	
Net Profit Margin	8	2.4% — 17.2%	2.6%	3.1%	7.3%	10.7%	12.8%			7.7%	
MVIC/Net Sales	8	0.06x — 0.59x	0.19x	0.27x	0.35x	0.44x	0.49x	0.22x	0.36x	0.35x	0.44
MVIC/Gross Profit	8	0.29x — 1.32x	0.56x	0.69x	0.92x	1.02x	1.13x	0.71x	0.93x	0.86x	0.34
MVIC/EBIT	8	1.5x — 7.4x	2.2x	3.7x	4.9x	5.8x	7.3x	3.7x	4.0x	4.7x	0.4
MVIC/EBITDA	8	1.5x — 4.9x	2.2x	3.3x	4.2x	4.9x	4.9x	3.3x	3.6x	3.8x	0.3
MVIC/SDE	8	1.2x — 3.6x	1.2x	1.4x	2.6x	3.4x	3.6x	2.0x	2.3x	2.5x	0.4
MVIC/Book Value of Invested Capital	2	0.8x — 5.4x	1.3x	2.0x	3.1x	4.2x	4.9x	1.5x	2.5x	3.1x	0.7

Transactions

SIC	NAICS	Target Type	Sale Date	Target Business Description	Net Sales	Operating Profit	EBITDA	SDE	MVIC Price	MVIC/Sales	MVIC/Discretionary Earnings	MVIC/EBITDA
1751	238350	Private	04/10/2020	Window and Door installation	$3,609,000	$89,000	$92,000	$180,000	$225,000	0.06x	1.3x	2.5x
1751	238350	Private	10/31/2018	Cabinetry and Countertop Sales and Installation Business	$4,953,347	$541,790	$611,144	$893,144	$2,200,000	0.44x	2.5x	3.6x
1751	238350	Private	03/24/2016	Finish and Trim Carpentry	$5,104,626	$877,356	$877,356	$1,091,393	$1,300,000	0.25x	1.2x	1.5x
1751	238350	Private	01/03/2005	Window and Door Replacement Contractor	$4,403,901	$157,299	$239,048	$331,695	$1,170,000	0.27x	3.5x	4.9x
1751	238350	Private	03/31/2004	Window Replacement	$3,360,000	$134,500	$200,500	$356,500	$980,000	0.29x	2.8x	4.9x
1799	238350	Private	10/31/2017	Provider of Aluminum Material Installation for Screens, Shelters, Railings and Other	$3,081,743	$273,341	$281,669	$378,107	$1,280,000	0.42x	3.4x	4.5x
1799	238390	Private	12/10/2015	Basement Waterproofing and Restoration	$5,754,829	$643,193	$690,588	$938,678	$3,400,000	0.59x	3.6x	4.9x

SIC	NAICS	Target Type	Sale Date	Target Business Description	Net Sales	Operating Profit	EBITDA	SDE	MVIC Price	MVIC/Sales	MVIC/Discretionary Earnings	MVIC/EBITDA
1799	238390	Private	03/17/2005	Waterproofing Contractor	$3,700,000	$321,000	$431,000	$1,112,000	$1,660,000	0.45x	1.5x	3.9x

DealStats Transaction Report

Prepared: 10/09/2021 02:18PM (CDT)

Target Details

Transaction ID	50121-1	Name		Target Type	Private
Business Description	Window and Door installation				
Location	CA, United States			Target Region	Pacific
Age	45	Structure	S Corporation	Employee Count	15
SIC	1751 - Carpentry Work		NAICS	238350 - Finish Carpentry Contractors	

Source Data

Contributor Company	
Contributor Name	
Contact Broker	

Transaction Data

Sale Initiation		Sale Date	04/10/2020	Days To Sell	
Percentage Acquired	100.0%	Asking Price		Transaction Type	Asset
MVIC Price	$225,000	Debt Assumed	$0	Amount Down	$225,000

Income

Income Statement Type	Tax Return/P&L
Latest Full Year Income	Yes
Restated Income	No
Date	12/31/2019
Net Sales	$3,609,000
COGS	$2,840,000
Gross Profit	$769,000
Rent	$38,000
Owner's Compensation	$88,000
Other Operating Expenses	$551,000
Depreciation and Amortization	$3,000
Total Operating Expenses	$680,000
Operating Profit	$89,000
Interest Expense	$1,000
Interest Income	$0
Other Expenses	$0
Other Income	$0
Earnings Before Taxes	$88,000
Tax Expense	$0
Tax Benefit	$0
Net Income	$88,000

Balance Sheet

Date	
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Current Liabilities	
Long-Term Liabilities	
Total Liabilities	
Stockholder's Equity	

Purchase Price Allocation

Date	04/10/2020
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Identifiable Intangibles	
- Customer Related	
- Backlog	
- Developed Technology	
- In-Process R&D	
- Trade Names/Marks	
- Non-Compete	10 Years
- Other Intangibles	
Total Ident Intangibles	
Goodwill	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Interest-Bearing Liabilities	
Total Liabilities	

Future, Current and Historical Earnings

Net Sales FY+1		SDE FY+1		EBITDA FY+1	
Net Sales	$3,609,000	SDE	$180,000	EBITDA	$92,000
Net Sales FY-1		SDE FY-1		EBITDA FY-1	

Net Sales FY-2	SDE FY-2	EBITDA FY-2
Net Sales FY-3		EBITDA FY-3
Net Sales FY-4		EBITDA FY-4

Additional Transaction Information					
Deal Terms					
Consideration: Cash payment of $225,000.					
Was there a Note in the consideration paid?	No	Was there a personal guarantee on the Note?	No	Amount Seller Financed	$0
Was there a Noncompete Agreement?	Yes	Non-Compete Length (months)	120	Renewal Option	120
Was there an Employment Agreement?	No	Employment Agreement Value		Lease Length (month)	
Lease Terms					
There was no assumed lease.					
Non-Compete Description					
10 mile radius					
Employment/Consulting Agreement Description					
There was no employment agreement.					
Additional Notes					

Valuation Multiples		Profitability Ratios		SDE and EBITDA Profitability Ratios	
MVIC/Sales	0.06x	Net Profit Margin	2.4%	SDE Margin FY+1	
MVIC/Gross Profit	0.29x	Operating Profit Margin	2.5%	SDE Margin	5.0%
MVIC/EBITDA	2.5x	Gross Profit Margin	21.3%	SDE Margin FY-1	
MVIC/EBIT	2.5x	Return on Assets		SDE Margin FY-2	
MVIC/Discretionary Earnings	1.3x	Return on Equity		EBITDA Margin FY+1	
MVIC/Book Value Invested Capital				EBITDA Margin	2.5%
				EBITDA Margin FY-1	
				EBITDA Margin FY-2	
				EBITDA Margin FY-3	
				EBITDA Margin FY-4	

Leverage Ratios		Liquidity Ratios		Activity Ratios	
Fixed Charge Coverage	89.00	Current Ratio		Total Asset Turnover	
Long-Term Liabilities to Assets		Quick Ratio		Fixed Asset Turnover	
Long-Term Liabilities to Equity				Inventory Turnover	

Future and Historical Annual Growth Rates		Compound Annual Growth Rates		Real Estate Performance	
Sales Growth FY+1		Net Sales 2Y CAGR		EBITDAR	$130,000
Sales Growth		Net Sales 3Y CAGR		Rent/EBITDAR	29.2%
Sales Growth FY-1		Net Sales 4Y CAGR		Rent/Sales	1.1%
Sales Growth FY-2				Sales Per Square Foot	
Sales Growth FY-3					

DealStats

DealStats Transaction Report

Prepared: 10/09/2021 02:18PM (CDT)

Target Details						Source Data
Transaction ID	44485-1	Name		Target Type	Private	Contributor Company
Business Description	Cabinetry and Countertop Sales and Installation Business					Contributor Name
Location	FL, United States		Target Region	South Atlantic		Contact Broker
Age	23	Structure	S Corporation	Employee Count	13	
SIC	1751 - Carpentry Work 1799 - Special Trade Contractors, NEC 5211 - Lumber and Other Building Materials Dealers	NAICS	238350 - Finish Carpentry Contractors 444190 - Other Building Material Dealers			

Transaction Data					
Sale Initiation	08/31/2018	Sale Date	10/31/2018	Days To Sell	61
Percentage Acquired	100.0%	Asking Price	$3,500,000	Transaction Type	Asset
MVIC Price	$2,200,000	Debt Assumed	$0	Amount Down	$2,200,000

Income		Balance Sheet		Purchase Price Allocation	
Income Statement Type: Tax Return/P&L	Latest Full Year Income: Yes	Date		Date	10/31/2018
Restated Income: No	Date: 12/31/2017				
Net Sales	$4,953,347	Cash and Equivalents		Cash and Equivalents	
COGS	$2,853,230	Accounts Receivable		Accounts Receivable	
Gross Profit	$2,100,117	Inventory		Inventory	
Rent	$202,020	Other Current Assets		Other Current Assets	
Owner's Compensation	$282,000	Total Current Assets		Total Current Assets	
Other Operating Expenses	$1,004,953	Fixed Assets		Fixed Assets	
Depreciation and Amortization	$69,354	Real Estate		Real Estate	
Total Operating Expenses	$1,558,327	Total Intangibles		Identifiable Intangibles	
Operating Profit	$541,790	Other Noncurrent Assets		- Customer Related	
Interest Expense	$0	Total Assets		- Backlog	
Interest Income	$0	Current Liabilities		- Developed Technology	
Other Expenses	$0	Long-Term Liabilities		- In-Process R&D	
Other Income	$0	Total Liabilities		- Trade Names/Marks	
Earnings Before Taxes	$541,790	Stockholder's Equity		- Non-Compete	5 Years
Tax Expense	$0			- Other Intangibles	
Tax Benefit	$0			Total Ident Intangibles	
Net Income	$541,790			Goodwill	
				Total Intangibles	
				Other Noncurrent Assets	
				Total Assets	
				Interest-Bearing Liabilities	
				Total Liabilities	

Future, Current and Historical Earnings		
Net Sales FY+1	SDE FY+1	EBITDA FY+1

Net Sales	$4,953,347	SDE	$893,144	EBITDA	$611,144
Net Sales FY-1	$3,860,953	SDE FY-1	$585,256	EBITDA FY-1	$383,256
Net Sales FY-2	$3,853,475	SDE FY-2	$634,646	EBITDA FY-2	$360,646
Net Sales FY-3				EBITDA FY-3	
Net Sales FY-4				EBITDA FY-4	

Additional Transaction Information

Deal Terms

Consideration: Cash payment of $2,200,000.

Was there a Note in the consideration paid?	No	Was there a personal guarantee on the Note?	No	Amount Seller Financed	$0
Was there a Noncompete Agreement?	Yes	Non-Compete Length (months)	60	Renewal Option	60
Was there an Employment Agreement?	Yes	Employment Agreement Value	$0	Lease Length (month)	38

Lease Terms

Rent is $16,835/month. The lease expires on 12/31/2021. The building is 17,700 sq ft.

Non-Compete Description

25 mile radius.

Employment/Consulting Agreement Description

The seller will train the buyer for 4 weeks at no cost.

Additional Notes

This transaction was submitted by a member of the Business Brokers of Florida (BBF).

Owner worked 50 hours per week.

The financial figures for this transaction were sourced from Tax Return/P&L financial statements.

Valuation Multiples		Profitability Ratios		SDE and EBITDA Profitability Ratios	
MVIC/Sales	0.44x	Net Profit Margin	10.9%	SDE Margin FY+1	
MVIC/Gross Profit	1.05x	Operating Profit Margin	10.9%	SDE Margin	18.0%
MVIC/EBITDA	3.6x	Gross Profit Margin	42.4%	SDE Margin FY-1	15.2%
MVIC/EBIT	4.1x	Return on Assets		SDE Margin FY-2	16.5%
MVIC/Discretionary Earnings	2.5x	Return on Equity		EBITDA Margin FY+1	
MVIC/Book Value Invested Capital				EBITDA Margin	12.3%
				EBITDA Margin FY-1	9.9%
				EBITDA Margin FY-2	9.4%
				EBITDA Margin FY-3	
				EBITDA Margin FY-4	

Leverage Ratios		Liquidity Ratios		Activity Ratios	
Fixed Charge Coverage		Current Ratio		Total Asset Turnover	
Long-Term Liabilities to Assets		Quick Ratio		Fixed Asset Turnover	
Long-Term Liabilities to Equity				Inventory Turnover	

Future and Historical Annual Growth Rates		Compound Annual Growth Rates		Real Estate Performance	
Sales Growth FY+1		Net Sales 2Y CAGR	13.4%	EBITDAR	$813,164
Sales Growth	28.3%	Net Sales 3Y CAGR		Rent/EBITDAR	24.8%
Sales Growth FY-1	0.2%	Net Sales 4Y CAGR		Rent/Sales	4.1%
Sales Growth FY-2				Sales Per Square Foot	$280
Sales Growth FY-3					

DealStats Transaction Report

Prepared: 10/09/2021 02:18PM (CDT)

Target Details						Source Data	
Transaction ID	34964-1	Name	KAS Supply Inc.	Target Type	Private	Contributor Company	Keystone Business Brokers, Inc.
Business Description			Finish and Trim Carpentry			Contributor Name	Richards, Dave
Location	Slymar, CA, United States			Target Region	Pacific	Contact Broker	
Age	34	Structure	C Corporation	Employee Count	23		
SIC			NAICS				
1751 - Carpentry Work			238350 - Finish Carpentry Contractors				

Transaction Data					
Sale Initiation	12/16/2015	Sale Date	03/24/2016	Days To Sell	99
Percentage Acquired	100.0%	Asking Price	$1,300,000	Transaction Type	Asset
MVIC Price	$1,300,000	Debt Assumed	$0	Amount Down	$1,300,000

Income		Balance Sheet		Purchase Price Allocation	
Income Statement Type: Tax Return/P&L	Latest Full Year Income: Yes	Date		Date	03/24/2016
Restated Income: No	Date: 12/31/2015				
Net Sales	$5,104,626	Cash and Equivalents		Cash and Equivalents	
COGS	$3,812,354	Accounts Receivable		Accounts Receivable	
Gross Profit	$1,292,272	Inventory		Inventory	
Rent	$132,000	Other Current Assets		Other Current Assets	
Owner's Compensation	$214,037	Total Current Assets		Total Current Assets	
Other Operating Expenses	$68,879	Fixed Assets		Fixed Assets	
Depreciation and Amortization	$0	Real Estate		Real Estate	
Total Operating Expenses	$414,916	Total Intangibles		Identifiable Intangibles	
Operating Profit	$877,356	Other Noncurrent Assets		- Customer Related	
Interest Expense	$0	Total Assets		- Backlog	
Interest Income	$0	Current Liabilities		- Developed Technology	
Other Expenses	$0	Long-Term Liabilities		- In-Process R&D	
Other Income	$0	Total Liabilities		- Trade Names/Marks	
Earnings Before Taxes	$877,356	Stockholder's Equity		- Non-Compete	5 Years
Tax Expense	$0			- Other Intangibles	
Tax Benefit	$0			Total Ident Intangibles	
Net Income	$877,356			Goodwill	
				Total Intangibles	
				Other Noncurrent Assets	
				Total Assets	
				Interest-Bearing Liabilities	
				Total Liabilities	

Future, Current and Historical Earnings		
Net Sales FY+1	SDE FY+1	EBITDA FY+1

Net Sales	$5,104,626	SDE	$1,091,393	EBITDA	$877,356
Net Sales FY-1		SDE FY-1		EBITDA FY-1	
Net Sales FY-2		SDE FY-2		EBITDA FY-2	
Net Sales FY-3				EBITDA FY-3	
Net Sales FY-4				EBITDA FY-4	

Additional Transaction Information					
Deal Terms					
Consideration: Cash payment of $1,300,000.					
Was there a Note in the consideration paid?	No	Was there a personal guarantee on the Note?	No	Amount Seller Financed	$0
Was there a Noncompete Agreement?	Yes	Non-Compete Length (months)	60	Renewal Option	60
Was there an Employment Agreement?	No	Employment Agreement Value		Lease Length (month)	
Lease Terms					
Non-Compete Description					
The state of California					
Employment/Consulting Agreement Description					
Seller will train for 10 weeks; Seller will be available for phone consultation for 12 months at a rate of $75/hour.					
Additional Notes					

Valuation Multiples		Profitability Ratios		SDE and EBITDA Profitability Ratios	
MVIC/Sales	0.25x	Net Profit Margin	17.2%	SDE Margin FY+1	
MVIC/Gross Profit	1.01x	Operating Profit Margin	17.2%	SDE Margin	21.4%
MVIC/EBITDA	1.5x	Gross Profit Margin	25.3%	SDE Margin FY-1	
MVIC/EBIT	1.5x	Return on Assets		SDE Margin FY-2	
MVIC/Discretionary Earnings	1.2x	Return on Equity		EBITDA Margin FY+1	
MVIC/Book Value Invested Capital				EBITDA Margin	17.2%
				EBITDA Margin FY-1	
				EBITDA Margin FY-2	
				EBITDA Margin FY-3	
				EBITDA Margin FY-4	

Leverage Ratios		Liquidity Ratios		Activity Ratios	
Fixed Charge Coverage		Current Ratio		Total Asset Turnover	
Long-Term Liabilities to Assets		Quick Ratio		Fixed Asset Turnover	
Long-Term Liabilities to Equity				Inventory Turnover	

Future and Historical Annual Growth Rates		Compound Annual Growth Rates		Real Estate Performance	
Sales Growth FY+1		Net Sales 2Y CAGR		EBITDAR	$1,009,356
Sales Growth		Net Sales 3Y CAGR		Rent/EBITDAR	13.1%
Sales Growth FY-1		Net Sales 4Y CAGR		Rent/Sales	2.6%
Sales Growth FY-2				Sales Per Square Foot	
Sales Growth FY-3					

DealStats

DealStats Transaction Report

Prepared: 10/09/2021 02:18PM (CDT)

Target Details

Transaction ID	6213-1	Name	Omni Window Systems	Target Type	Private
Business Description	Window and Door Replacement Contractor				
Location	San Ramon, CA, United States			Target Region	Pacific
Age		Structure	C Corporation	Employee Count	15
SIC	1751 - Carpentry Work	NAICS	238350 - Finish Carpentry Contractors		

Source Data

Contributor Company	Allen Business Investments
Contributor Name	Johnson, Ronald C.
Contact Broker	

Transaction Data

Sale Initiation	04/09/2004	Sale Date	01/03/2005	Days To Sell	269
Percentage Acquired	100.0%	Asking Price	$1,500,000	Transaction Type	Asset
MVIC Price	$1,170,000	Debt Assumed	$85,000	Amount Down	$675,000

Income

Income Statement Type	Latest Full Year Income
Tax Return/P&L	Yes
Restated Income	Date
No	12/31/2003
Net Sales	$4,403,901
COGS	$2,657,882
Gross Profit	$1,746,019
Rent	$21,000
Owner's Compensation	$92,647
Other Operating Expenses	$1,393,324
Depreciation and Amortization	$81,749
Total Operating Expenses	$1,588,720
Operating Profit	$157,299
Interest Expense	$14,031
Interest Income	
Other Expenses	
Other Income	
Earnings Before Taxes	$143,268
Tax Expense	$0
Tax Benefit	
Net Income	$143,268

Balance Sheet

Date	12/31/2003
Cash and Equivalents	$0
Accounts Receivable	$9,510
Inventory	$29,559
Other Current Assets	$268
Total Current Assets	$39,337
Fixed Assets	$120,730
Real Estate	$0
Total Intangibles	$0
Other Noncurrent Assets	$0
Total Assets	$160,067
Current Liabilities	
Long-Term Liabilities	
Total Liabilities	$156,222
Stockholder's Equity	$3,845

Purchase Price Allocation

Date	01/03/2005
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Identifiable Intangibles	
- Customer Related	
- Backlog	
- Developed Technology	
- In-Process R&D	
- Trade Names/Marks	
- Non-Compete	5 Years
- Other Intangibles	
Total Ident Intangibles	
Goodwill	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Interest-Bearing Liabilities	
Total Liabilities	

Future, Current and Historical Earnings

Net Sales FY+1		SDE FY+1		EBITDA FY+1	
Net Sales	$4,403,901	SDE	$331,695	EBITDA	$239,048

Net Sales FY-1	SDE FY-1	EBITDA FY-1
Net Sales FY-2	SDE FY-2	EBITDA FY-2
Net Sales FY-3		EBITDA FY-3
Net Sales FY-4		EBITDA FY-4

Additional Transaction Information

Deal Terms					
Consideration: 60 months at 6.75% interest with monthly payments of $8,365.					
Was there a Note in the consideration paid?	Yes	Was there a personal guarantee on the Note?	Yes	Amount Seller Financed	$410,000
Was there a Noncompete Agreement?	Yes	Non-Compete Length (months)	60	Renewal Option	60
Was there an Employment Agreement?	Yes	Employment Agreement Value	$100,000	Lease Length (month)	
Lease Terms					
New 5-year lease plus a 5-year option					
Non-Compete Description					
California					
Employment/Consulting Agreement Description					
6 weeks at 25 hours per week					
Additional Notes					
Purchase Price Allocation: $150,000 Inventory, $250,000 Leasehold Improvements, $50,000 Fixed Assets, $100,000 Workforce in Place, $210,000 Goodwill, and $325,000 Non-compete Agreement.					

Valuation Multiples		Profitability Ratios		SDE and EBITDA Profitability Ratios	
MVIC/Sales	0.27x	Net Profit Margin	3.3%	SDE Margin FY+1	
MVIC/Gross Profit	0.67x	Operating Profit Margin	3.6%	SDE Margin	7.5%
MVIC/EBITDA	4.9x	Gross Profit Margin	39.6%	SDE Margin FY-1	
MVIC/EBIT	7.4x	Return on Assets	89.5%	SDE Margin FY-2	
MVIC/Discretionary Earnings	3.5x	Return on Equity	3,726.1%	EBITDA Margin FY+1	
MVIC/Book Value Invested Capital				EBITDA Margin	5.4%
				EBITDA Margin FY-1	
				EBITDA Margin FY-2	
				EBITDA Margin FY-3	
				EBITDA Margin FY-4	

Leverage Ratios		Liquidity Ratios		Activity Ratios	
Fixed Charge Coverage	11.21	Current Ratio		Total Asset Turnover	27.51
Long-Term Liabilities to Assets		Quick Ratio		Fixed Asset Turnover	36.48
Long-Term Liabilities to Equity				Inventory Turnover	148.99

Future and Historical Annual Growth Rates		Compound Annual Growth Rates		Real Estate Performance	
Sales Growth FY+1		Net Sales 2Y CAGR		EBITDAR	$260,048
Sales Growth		Net Sales 3Y CAGR		Rent/EBITDAR	8.1%
Sales Growth FY-1		Net Sales 4Y CAGR		Rent/Sales	0.5%
Sales Growth FY-2				Sales Per Square Foot	
Sales Growth FY-3					

DealStats Transaction Report

Prepared: 10/09/2021 02:18PM (CDT)

Target Details

Transaction ID	8132-1	Name		Target Type	Private
Business Description	Window Replacement				
Location	FL, United States			Target Region	South Atlantic
Age	30	Structure	S Corporation	Employee Count	24
SIC	1751 - Carpentry Work	NAICS	238350 - Finish Carpentry Contractors		

Source Data

Contributor Company	Gibson and Associates, Inc.
Contributor Name	Gibson, William
Contact Broker	

Transaction Data

Sale Initiation	10/15/2003	Sale Date	03/31/2004	Days To Sell	168
Percentage Acquired	100.0%	Asking Price	$980,000	Transaction Type	Asset
MVIC Price	$980,000	Debt Assumed	$0	Amount Down	$196,000

Income

Income Statement Type	Tax Return/P&L
Latest Full Year Income	Yes
Restated Income	No
Date	12/31/2003
Net Sales	$3,360,000
COGS	$1,938,000
Gross Profit	$1,422,000
Rent	$0
Owner's Compensation	$156,000
Other Operating Expenses	$1,065,500
Depreciation and Amortization	$66,000
Total Operating Expenses	$1,287,500
Operating Profit	$134,500
Interest Expense	$44,100
Interest Income	
Other Expenses	
Other Income	
Earnings Before Taxes	$90,400
Tax Expense	$0
Tax Benefit	
Net Income	$90,400

Balance Sheet

Date	12/31/2003
Cash and Equivalents	$51,556
Accounts Receivable	$35,890
Inventory	$136,072
Other Current Assets	$61,496
Total Current Assets	$285,014
Fixed Assets	$283,581
Real Estate	$672,104
Total Intangibles	$2,376
Other Noncurrent Assets	$0
Total Assets	$1,243,075
Current Liabilities	$90,310
Long-Term Liabilities	$840,000
Total Liabilities	$930,310
Stockholder's Equity	$312,765

Purchase Price Allocation

Date	
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Identifiable Intangibles	
- Customer Related	
- Backlog	
- Developed Technology	
- In-Process R&D	
- Trade Names/Marks	
- Non-Compete	2 Years
- Other Intangibles	
Total Ident Intangibles	
Goodwill	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Interest-Bearing Liabilities	
Total Liabilities	

Future, Current and Historical Earnings

Net Sales FY+1	SDE FY+1	EBITDA FY+1

Net Sales	$3,360,000	SDE	$356,500	EBITDA	$200,500
Net Sales FY-1		SDE FY-1		EBITDA FY-1	
Net Sales FY-2		SDE FY-2		EBITDA FY-2	
Net Sales FY-3				EBITDA FY-3	
Net Sales FY-4				EBITDA FY-4	

Additional Transaction Information

Deal Terms

Was there a Note in the consideration paid?	Yes	Was there a personal guarantee on the Note?	Yes	Amount Seller Financed	$784,000
Was there a Noncompete Agreement?	Yes	Non-Compete Length (months)	24	Renewal Option	24
Was there an Employment Agreement?	No	Employment Agreement Value	$0	Lease Length (month)	

Lease Terms

New lease with the sellers.

Non-Compete Description

100 miles

Employment/Consulting Agreement Description

Additional Notes

Valuation Multiples		Profitability Ratios		SDE and EBITDA Profitability Ratios	
MVIC/Sales	0.29x	Net Profit Margin	2.7%	SDE Margin FY+1	
MVIC/Gross Profit	0.69x	Operating Profit Margin	4.0%	SDE Margin	10.6%
MVIC/EBITDA	4.9x	Gross Profit Margin	42.3%	SDE Margin FY-1	
MVIC/EBIT	7.3x	Return on Assets	7.3%	SDE Margin FY-2	
MVIC/Discretionary Earnings	2.8x	Return on Equity	28.9%	EBITDA Margin FY+1	
MVIC/Book Value Invested Capital	0.8x			EBITDA Margin	6.0%
				EBITDA Margin FY-1	
				EBITDA Margin FY-2	
				EBITDA Margin FY-3	
				EBITDA Margin FY-4	

Leverage Ratios		Liquidity Ratios		Activity Ratios	
Fixed Charge Coverage	3.05	Current Ratio	3.16	Total Asset Turnover	2.70
Long-Term Liabilities to Assets	67.57%	Quick Ratio	1.65	Fixed Asset Turnover	11.85
Long-Term Liabilities to Equity	268.57%			Inventory Turnover	24.69

Future and Historical Annual Growth Rates		Compound Annual Growth Rates		Real Estate Performance	
Sales Growth FY+1		Net Sales 2Y CAGR		EBITDAR	$200,500
Sales Growth		Net Sales 3Y CAGR		Rent/EBITDAR	0.0%
Sales Growth FY-1		Net Sales 4Y CAGR		Rent/Sales	0.0%
Sales Growth FY-2				Sales Per Square Foot	
Sales Growth FY-3					

DealStats

DealStats Transaction Report

Prepared: 10/09/2021 02:18PM (CDT)

Target Details

Transaction ID	46355-1	Name		Target Type	Private
Business Description	Provider of Aluminum Material Installation for Screens, Shelters, Railings and Other				
Location	FL, United States			Target Region	South Atlantic
Age	26	Structure	S Corporation	Employee Count	32
SIC	1799 - Special Trade Contractors, NEC	NAICS	238350 - Finish Carpentry Contractors		

Source Data

Contributor Company	
Contributor Name	
Contact Broker	

Transaction Data

Sale Initiation	06/30/2017	Sale Date	10/31/2017	Days To Sell	123
Percentage Acquired	100.0%	Asking Price		Transaction Type	Asset
MVIC Price	$1,280,000	Debt Assumed	$0	Amount Down	$1,280,000

Income

Income Statement Type	Tax Return/P&L
Latest Full Year Income	Yes
Restated Income	No
Date	12/31/2016
Net Sales	$3,081,743
COGS	$1,696,542
Gross Profit	$1,385,201
Rent	$51,132
Owner's Compensation	$63,192
Other Operating Expenses	$989,208
Depreciation and Amortization	$8,328
Total Operating Expenses	$1,111,860
Operating Profit	$273,341
Interest Expense	$699
Interest Income	$0
Other Expenses	$0
Other Income	$0
Earnings Before Taxes	$272,642
Tax Expense	$0
Tax Benefit	$0
Net Income	$272,642

Balance Sheet

Date	
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Current Liabilities	
Long-Term Liabilities	
Total Liabilities	
Stockholder's Equity	

Purchase Price Allocation

Date	10/31/2017
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Identifiable Intangibles	
- Customer Related	
- Backlog	
- Developed Technology	
- In-Process R&D	
- Trade Names/Marks	
- Non-Compete	5 Years
- Other Intangibles	
Total Ident Intangibles	
Goodwill	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Interest-Bearing Liabilities	
Total Liabilities	

Future, Current and Historical Earnings

Net Sales FY+1		SDE FY+1		EBITDA FY+1	
Net Sales	$3,081,743	SDE	$378,107	EBITDA	$281,669
Net Sales FY-1		SDE FY-1		EBITDA FY-1	

Net Sales FY-2	SDE FY-2	EBITDA FY-2
Net Sales FY-3		EBITDA FY-3
Net Sales FY-4		EBITDA FY-4

Additional Transaction Information

Deal Terms

Consideration: Cash payment of $1,280,000.

Was there a Note in the consideration paid?	No	Was there a personal guarantee on the Note?	No	Amount Seller Financed	$0
Was there a Noncompete Agreement?	Yes	Non-Compete Length (months)	60	Renewal Option	60
Was there an Employment Agreement?	No	Employment Agreement Value		Lease Length (month)	

Lease Terms

Non-Compete Description

Employment/Consulting Agreement Description

Additional Notes

This transaction was provided by Transworld Business Advisors.

The owner worked approximately 48 hours per week.

The financial figures for this transaction were sourced from Tax Return/P&L financial statements.

The business provides custom aluminum products for commercial and residential applications from screen enclosures, hurricane shelters, railings and gates. Customers are new home builders, general contactors and architects. The sale includes assets, including a truck.

Valuation Multiples		Profitability Ratios		SDE and EBITDA Profitability Ratios	
MVIC/Sales	0.42x	Net Profit Margin	8.8%	SDE Margin FY+1	
MVIC/Gross Profit	0.92x	Operating Profit Margin	8.9%	SDE Margin	12.3%
MVIC/EBITDA	4.5x	Gross Profit Margin	45.0%	SDE Margin FY-1	
MVIC/EBIT	4.7x	Return on Assets		SDE Margin FY-2	
MVIC/Discretionary Earnings	3.4x	Return on Equity		EBITDA Margin FY+1	
MVIC/Book Value Invested Capital				EBITDA Margin	9.1%
				EBITDA Margin FY-1	
				EBITDA Margin FY-2	
				EBITDA Margin FY-3	
				EBITDA Margin FY-4	

Leverage Ratios		Liquidity Ratios		Activity Ratios	
Fixed Charge Coverage	391.05	Current Ratio		Total Asset Turnover	
Long-Term Liabilities to Assets		Quick Ratio		Fixed Asset Turnover	
Long-Term Liabilities to Equity				Inventory Turnover	

Future and Historical Annual Growth Rates		Compound Annual Growth Rates		Real Estate Performance	
Sales Growth FY+1		Net Sales 2Y CAGR		EBITDAR	$332,801
Sales Growth		Net Sales 3Y CAGR		Rent/EBITDAR	15.4%
Sales Growth FY-1		Net Sales 4Y CAGR		Rent/Sales	1.7%
Sales Growth FY-2				Sales Per Square Foot	$293
Sales Growth FY-3					

DealStats

DealStats Transaction Report

Prepared: 10/09/2021 02:18PM (CDT)

Target Details

Transaction ID	34346-1	Name	JMS Constructors	Target Type	Private
Business Description	Basement Waterproofing and Restoration				
Location	King of Prussia, PA, United States			Target Region	Mid-Atlantic
Age	7	Structure	S Corporation	Employee Count	23
SIC	1799 - Special Trade Contractors, NEC 4959 - Sanitary Services, NEC	NAICS	238390 - Other Building Finishing Contractors 562910 - Remediation Services		

Source Data

Contributor Company	Calder Associates
Contributor Name	Wain, Stephen
Contact Broker	

Transaction Data

Sale Initiation	11/01/2014	Sale Date	12/10/2015	Days To Sell	404
Percentage Acquired	100.0%	Asking Price		Transaction Type	Asset
MVIC Price	$3,400,000	Debt Assumed	$0	Amount Down	$3,050,000

Income

Income Statement Type	Tax Return/P&L
Latest Full Year Income	Yes
Restated Income	No
Date	12/31/2014
Net Sales	$5,754,829
COGS	$3,186,359
Gross Profit	$2,568,470
Rent	$115,226
Owner's Compensation	$248,090
Other Operating Expenses	$1,514,566
Depreciation and Amortization	$47,395
Total Operating Expenses	$1,925,277
Operating Profit	$643,193
Interest Expense	$28,716
Interest Income	$0
Other Expenses	$0
Other Income	$0
Earnings Before Taxes	$614,477
Tax Expense	$0
Tax Benefit	$0
Net Income	$614,477

Balance Sheet

Date	12/31/2014
Cash and Equivalents	$277,754
Accounts Receivable	$300
Inventory	
Other Current Assets	$17,346
Total Current Assets	$295,400
Fixed Assets	$362,942
Real Estate	
Total Intangibles	$129,002
Other Noncurrent Assets	$19,030
Total Assets	$806,374
Current Liabilities	$172,910
Long-Term Liabilities	$411,185
Total Liabilities	$584,095
Stockholder's Equity	$222,279

Purchase Price Allocation

Date	12/10/2015
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Identifiable Intangibles	
- Customer Related	
- Backlog	
- Developed Technology	
- In-Process R&D	
- Trade Names/Marks	
- Non-Compete	10 Years
- Other Intangibles	
Total Ident Intangibles	
Goodwill	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Interest-Bearing Liabilities	
Total Liabilities	

Future, Current and Historical Earnings

Net Sales FY+1		SDE FY+1		EBITDA FY+1	
Net Sales	$5,754,829	SDE	$938,678	EBITDA	$690,588

Net Sales FY-1	SDE FY-1	EBITDA FY-1
Net Sales FY-2	SDE FY-2	EBITDA FY-2
Net Sales FY-3		EBITDA FY-3
Net Sales FY-4		EBITDA FY-4

Additional Transaction Information

Deal Terms

Consideration: Cash in the amount of $3,050,000 and a Seller note in the amount of $350,000 with 2 years accrued int, 6%, principle and interest paid after 24 months on 120 month amortization, with balloon of principal at end of 5th year.

Was there a Note in the consideration paid?	Yes	Was there a personal guarantee on the Note?	Yes	Amount Seller Financed	$350,000
Was there a Noncompete Agreement?	Yes	Non-Compete Length (months)	120	Renewal Option	120
Was there an Employment Agreement?	Yes	Employment Agreement Value	$0	Lease Length (month)	48

Lease Terms

assumed - term 4 years, renewal term 1 year. $65,168/yr. Esc 3% PA.

Non-Compete Description

new england or mid-atlantic states through VA

Employment/Consulting Agreement Description

transition agreement, no additional value. 1 year, variable time committment

Additional Notes

Allocation of the Purchase Price: Inventory $20,000, Fixed assets $255,000, Noncompete $250,000, Intangibles $215,000, Goodwill $2,660,000, Total assets acquired $3,400,000.

Valuation Multiples		Profitability Ratios		SDE and EBITDA Profitability Ratios	
MVIC/Sales	0.59x	Net Profit Margin	10.7%	SDE Margin FY+1	
MVIC/Gross Profit	1.32x	Operating Profit Margin	11.2%	SDE Margin	16.3%
MVIC/EBITDA	4.9x	Gross Profit Margin	44.6%	SDE Margin FY-1	
MVIC/EBIT	5.3x	Return on Assets	76.2%	SDE Margin FY-2	
MVIC/Discretionary Earnings	3.6x	Return on Equity	276.4%	EBITDA Margin FY+1	
MVIC/Book Value Invested Capital	5.4x			EBITDA Margin	12.0%
				EBITDA Margin FY-1	
				EBITDA Margin FY-2	
				EBITDA Margin FY-3	
				EBITDA Margin FY-4	

Leverage Ratios		Liquidity Ratios		Activity Ratios	
Fixed Charge Coverage	22.40	Current Ratio	1.71	Total Asset Turnover	7.14
Long-Term Liabilities to Assets	50.99%	Quick Ratio		Fixed Asset Turnover	15.86
Long-Term Liabilities to Equity	184.99%			Inventory Turnover	

Future and Historical Annual Growth Rates		Compound Annual Growth Rates		Real Estate Performance	
Sales Growth FY+1		Net Sales 2Y CAGR		EBITDAR	$805,814
Sales Growth		Net Sales 3Y CAGR		Rent/EBITDAR	14.3%
Sales Growth FY-1		Net Sales 4Y CAGR		Rent/Sales	2.0%
Sales Growth FY-2				Sales Per Square Foot	
Sales Growth FY-3					

DealStats Transaction Report

Prepared: 10/09/2021 02:18PM (CDT)

Target Details

Transaction ID	6777-1	Name		Target Type	Private
Business Description	Waterproofing Contractor				
Location	Woodbridge, VA, United States			Target Region	South Atlantic
Age	21	Structure	C Corporation	Employee Count	22
SIC	1799 - Special Trade Contractors, NEC	NAICS	238390 - Other Building Finishing Contractors		

Source Data

Contributor Company	Oakwood Group, The
Contributor Name	Golden, Joe
Contact Broker	

Transaction Data

Sale Initiation	09/12/2004	Sale Date	03/17/2005	Days To Sell	186
Percentage Acquired	100.0%	Asking Price	$1,900,000	Transaction Type	Asset
MVIC Price	$1,660,000	Debt Assumed	$0	Amount Down	$1,350,000

Income

Income Statement Type	Latest Full Year Income
Tax Return/P&L	Yes
Restated Income	Date
No	12/31/2004

Net Sales	$3,700,000
COGS	$1,900,000
Gross Profit	$1,800,000
Rent	$24,500
Owner's Compensation	$681,000
Other Operating Expenses	$663,500
Depreciation and Amortization	$110,000
Total Operating Expenses	$1,479,000
Operating Profit	$321,000
Interest Expense	$0
Interest Income	
Other Expenses	
Other Income	
Earnings Before Taxes	$321,000
Tax Expense	$105,000
Tax Benefit	
Net Income	$216,000

Balance Sheet

Date	
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Current Liabilities	
Long-Term Liabilities	
Total Liabilities	
Stockholder's Equity	

Purchase Price Allocation

Date	
Cash and Equivalents	
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Real Estate	
Identifiable Intangibles	
- Customer Related	
- Backlog	
- Developed Technology	
- In-Process R&D	
- Trade Names/Marks	
- Non-Compete	3 Years
- Other Intangibles	
Total Ident Intangibles	
Goodwill	
Total Intangibles	
Other Noncurrent Assets	
Total Assets	
Interest-Bearing Liabilities	
Total Liabilities	

Future, Current and Historical Earnings

Net Sales FY+1		SDE FY+1		EBITDA FY+1	
Net Sales	$3,700,000	SDE	$1,112,000	EBITDA	$431,000

Net Sales FY-1	SDE FY-1	EBITDA FY-1
Net Sales FY-2	SDE FY-2	EBITDA FY-2
Net Sales FY-3		EBITDA FY-3
Net Sales FY-4		EBITDA FY-4

Additional Transaction Information

Deal Terms

Consideration: $185,000 at 6% interest over 15 months.

Was there a Note in the consideration paid?	Yes	Was there a personal guarantee on the Note?	No	Amount Seller Financed	$310,000
Was there a Noncompete Agreement?	Yes	Non-Compete Length (months)	36	Renewal Option	36
Was there an Employment Agreement?	No	Employment Agreement Value	$0	Lease Length (month)	

Lease Terms

Non-Compete Description

50 miles

Employment/Consulting Agreement Description

Additional Notes

The balance sheet was unavailable.

Valuation Multiples		Profitability Ratios		SDE and EBITDA Profitability Ratios	
MVIC/Sales	0.45x	Net Profit Margin	5.8%	SDE Margin FY+1	
MVIC/Gross Profit	0.92x	Operating Profit Margin	8.7%	SDE Margin	30.1%
MVIC/EBITDA	3.9x	Gross Profit Margin	48.6%	SDE Margin FY-1	
MVIC/EBIT	5.2x	Return on Assets		SDE Margin FY-2	
MVIC/Discretionary Earnings	1.5x	Return on Equity		EBITDA Margin FY+1	
MVIC/Book Value Invested Capital				EBITDA Margin	11.7%
				EBITDA Margin FY-1	
				EBITDA Margin FY-2	
				EBITDA Margin FY-3	
				EBITDA Margin FY-4	

Leverage Ratios		Liquidity Ratios		Activity Ratios	
Fixed Charge Coverage		Current Ratio		Total Asset Turnover	
Long-Term Liabilities to Assets		Quick Ratio		Fixed Asset Turnover	
Long-Term Liabilities to Equity				Inventory Turnover	

Future and Historical Annual Growth Rates		Compound Annual Growth Rates		Real Estate Performance	
Sales Growth FY+1		Net Sales 2Y CAGR		EBITDAR	$455,500
Sales Growth		Net Sales 3Y CAGR		Rent/EBITDAR	5.4%
Sales Growth FY-1		Net Sales 4Y CAGR		Rent/Sales	0.7%
Sales Growth FY-2				Sales Per Square Foot	
Sales Growth FY-3					

Cash flows $500K on 3M in sales. Passively-Owned Egress Windows Biz.

bizbuysell.com/Business-Opportunity/cash-flows-500k-on-3m-in-sales-passively-owned-egress-windows-biz/1883347

Asking Price: **$1,600,000**

Cash Flow: **$500,000**

Gross Revenue: **$3,100,000**

EBITDA: **$500,000**

FF&E: **$100,000**

Inventory: **$30,000**

Rent: **$0.00**

Established: **2000**

Save Print Share Valuation Report

Business Description

2021 is UP 30-40%, Cash Flow 650K-750K. Passively-Owned Egress Windows Biz.

New Business For Sale in North Denver: Cash flows $500K on 3M in sales.

The sales price is $1,500,000, with $1,000,000 of the sales price paid at closing

Passively-Owned Egress (Basement) Window Installation & Walkout Basement Specialists

Cash Flow –
2021 will be up 25%+ from 2020 numbers.
2020 Cash Flow was 475,435 on sales of 2,767,902
2019 Cash Flow was 489,500 on sales of 2,695,469
2018 Cash Flow was $499,542 on sales of 2,664,438
2017 Cash Flow was 301,858 on sales of 2,612,591

Please email if you have any specific question(s), would like to discuss a path forward, or have potential interest in a phone call or face-to-face meeting with the owner/seller.

Sales Price and Deal Structure: The sales price is 1,500,000 with 1,000,000 of the sales price paid at closing. The seller will carry up to 500,000 paid over 4 years from a qualified buyer.

The buyer MUST HAVE no less than 400K of their OWN funds to put down on this deal for a bank to do the deal.

Covid has NOT impacted us at all, we were up from 2019 and FAR more profitable in 2020 which is remarkable considering we weren't allowed to enter people's homes for half of the year. Our pipeline of work going into the second ½ of 2021 is much stronger and growing.

Reason for sale: the seller has another business he spends all his time growing and works just a few hours on this one so its not getting the attention it deserves.

What we do. Services include: Egress window installations, walkout basements, tilt and turn window installation, window well installation and exchange, window well grates and concrete cutting.

We are in a very unique niche residential remodeling business. New construction throughout the United States is growing rapidly, but Denver is on an absolute tear. However not everybody can afford a new home or even want a new home, but they do want to upgrade their current home. It is clear that homeowners have the money and interest to invest in their home for better enjoyment and for resale value later.

Traditional home improvements such as kitchen, bathroom and overall construction is highly competitive however, general basement construction is one of the areas that is in great demand and we have very little competition in this area. In fact, we are the largest basement contractor in the entire Denver area and have only 1-2 other small competitors to speak of. So, the market is wide open for explosive growth for someone who wants to take this business forward.

Who We Are: We transform your dark, damp, musty basement into a space your entire family can enjoy. We can also create short- or long-term rental income from your basement space by making a basement as enjoyable as the main floor for a rental suite. We specialize in walk out basement renovations & walk out basement entry systems. Installing egress windows and basement entry doors will allow natural light into the room, creating a more inviting living space in your home. Many walkout basements will often lead out to an outdoor sunken patio or walkway, and in other cases, a stairway is required. We can handle any residential job.

2020 and 2021 are up sharply: As you can see our gross sales in 2020 during Covid were up $100,000 from the previous year, which is absolutely amazing considering we weren't allowed to enter peoples' homes for about ½ the year. We working under many limiting restrictions and we still cash-flowed almost $500,000 on sales of $2.7 million. Can you imagine the money we would've made if covid never hit? 2021 is up about 15%-20% cash flow and sales.

On January 1 of this year, we raised prices on egress windows from $3,900 up to $4,500 per unit. We average almost 700 egress installs per year; therefore, we already know that the net income should be at least $300,000 more this year vs. last year. If suitable, it costa nothing to raise your prices, the incremental increase falls 100% to the bottom line. When we raised our prices, we received absolutely no pushback or grumbling comments, and the seller is confident that a new owner can raise the prices to $5,000 per unit as soon as the end of this year without any pushback.

The seller is so confident in the future prospects of the business for the right buyer, that he is comfortable carrying up to 1/3 of the sales price for a qualified buyer. Further, as part of the total sales price the seller will stay on for 3-4 months to educate the new owner on how exactly to grow the business to $10M in sales or more within 3-4 years. He would love to see the business triple; he just doesn't have what it takes to do this because he wants to move on to his other new business model.

As stated, for the last several years the seller has only worked about 15-20 hrs./wk. on this business, since he's putting all of his energy into another business he has become more excited about. Today the 5 key employees pretty much run the operation and all the independent contractors in the field doing the installs are run by project managers. In short, after 3 years of shifting his wight to the other business, the owner has transferred all day-to-day management and operations responsibilities to the workers in the field and office. Today, we just need a sales and marketing-oriented person to come in and drive things forward.

The seller is clear that the installers and construction workers in the field run themselves, there is absolutely no oversight that the new owner will need to do, no construction experience needed.

We are the largest egress basement window sales and installation business in Colorado. In fact, almost 100% of our sales is egress windows, however, there is a whole host of other services that we should be providing for the customers that are already pushing us to do more (or all) of the basement project. We do some walk-out basement work and basement windows, but just crumbs compared to what we should be taking on.

The seller is emphatic that anybody who moves to Colorado and grabs the reins of this business will be able grow the sales to 7-10M within the next 3-4 years just by pursuing more of the leads that they currently turn down. The business receives many more leads than they can even pursue and visit. All of the leads are passively-generated from referrals, the websites, and basement construction contractors, home inspectors, real estate agents, and other construction professionals. We have never had any proactive sales or marketing people in place to grow the business, it has just grown on its own from the inbound calls and referrals. In fact, to double the business a new owner would not even need to hire sales people, just pursue more of the leads we already get and don't respond to.

We close over 55% of leads we pursue: The seller is quick to brag that his sales people are so affective that they close almost 60% of the leads the they go out to visit. This speaks volumes about the reputation and professionalism of the company and the effectiveness of our sales people to educate the homeowner. In short, the quality of the inbound referrals/leads from inspectors, real estate agents, basement-finish contractors, and other construction professionals are as strong as they can be. We are highly endorsed.

It is very clear that new home construction is growing explosively throughout the entire country but nowhere more than in Denver and the entire Front Range of Colorado overall. However, not everybody wants a new home, some people want to stay in their current home because it's easier and less expensive but they still need additional footage for other family members because many home owners today are part of the "sandwich generation ".

The demand for egress windows is completely recession proof and will always be very strong because in most cases it's a building code requirement. Simply put, not everybody has to have a new porch, pool, kitchen or bath upgrade. These things can be put off if the economy gets weak. Not egress windows.

The demand for retrofitting egress windows into basement is largely driven by local ordinances, codes, and the fire department regulations require them and that creates the greatest demand.

Egress window and basement finish sales have been nothing short of explosive over the last 10 years while the economy has boomed. But we all know that the good times won't last forever and will fall into an economic slump, and with that new home construction will likely fall. However, people will always have $100,000 or so to invest in finishing their basement and therefore the demand for basement finishing and egress window sales should in fact surge when the economy begins to fall as an alternative to new-home purchasing.

People finish their basement for a wide variety of reasons such as family growth, kids moving back in, parents moving in with grown children, in need separate living space, Airbnb, rental space, and so forth. More people than ever are finishing their basement to increase the living square footage to generate additional income or have more space for other family members to live separately. The "sandwich generation" I referred to above is a term to describe people in their 40s and 50s who are now having to take care of their children as well as their parents under the same roof, the sandwich generation. This, coupled with basement rental opportunities has created explosive demand for upgrading and finishing basements for the additional living footage. Installing egress windows and finishing basements is far less costly and less disruptive than buying or building a new home.

The very first part of doing any sort of basement finish is the egress window installation, it must be installed by law if you're finishing a basement. In fact, each bedroom in the basement needs its own egress window by code. Egress windows are the first and most critical part of a new basement finish so you can load materials into the basement. Materials such as lumbar and drywall are big and bulky and often can't be brought down stairs or through the main level of the home, even if the homeowner didn't mind the damage to the main level. In the end the Egress is critical because it is the conduit to getting the materials loaded for any level of basement finishing.

Typically, we have an excellent relationship with the homeowner being the first professional on the job to install the egress windows. Over the years we have just done the egress windows and have referred out to other contractors the main areas of construction like walk-out basements, other windows, framing and drywall, paint etc. Basically, we have concentrated on just 1 small part of the overall construction project and forfeited all the other revenue.

Another great source of demand for basement finishes is from disaster restoration such as flooding when the storms hit Colorado. Every five years or so an enormous number of storms hit the front range and tens of thousands of homes have their basements destroyed. Renovating basements with mold and water damage is typically covered with insurance and so people will take the opportunity to replace the entire basement finish and with that comes the code requirement for one egress window for every bedroom and larger rooms. We've seen an incredible increase in demand for basement finishing when the floods hit for the next several years.

The average basement finish is between $150,000-$200,000, and we get the first $4,500 of that currently with egress windows. Going forward, a new owner would benefit tremendously by providing some or all these other services to get more than just a small piece of the pie, especially considering the strong relationship we typically have with the homeowner. In fact, most homeowners prefer 1-stop shopping and not have to work with multiple contractors. On most of the jobs we've installed over the years the customer has asked us if we can do the entire basement finish, the walk-out French doors, windows, and overall finish work, and we've always chosen to pass on this highly-profitable work, which a new owner can now pick up on. Separately, and ironically, one of the biggest sources of referrals is form basement finish contractors subbing out the egress window to us, because we can do it better, faster and cheaper than they can do it. In fact, one of our biggest sources of egress window sales is from other basement contractors who hire us to do the egress window.

However, the biggest source of demand for egress windows is when a homeowner seeks to sell their home. Up to 50% of the homes that sell in the Front Range have unfinished basements. Almost always the buyer's home inspector reviewing the property obligates the seller to install at least 1 egress window in the basement as part of the inspection requirements or recommendations. Most-often the seller provides a $5,000 credit to the buyer for the buyer to get the egress installed after the closing since the it typically can't be installed at the time of the transaction.

Separately, when sellers go to list their home, they of course want to maximize the square footage that they can tote in the MLS listings and marketing literature. Obviously the greater the usable footage of the house, the higher the value. In short, basements without egress windows do not get credit for the footage of that basement. Conversely by installing 1 or more egress windows prior to bringing a house on the market, you can fully market the additional footage in the basement as livable space.

It is long known that egress window installation is the biggest rate of return for the money, at about 1000% rate of return. Meaning, that you'll increase the value in sales price of your home by at least $50,000 because of the additional square footage in the basement for one $5000 egress window installation. In the end it is the increasingly-stringent code requirements that creates the most demand. You can see that egress windows, more than any other home upgrade gives the greatest increase in value dollar for dollar. We are 1 of only 2-3 good egress installers in the entire Front Range of Colorado.

No new equipment needed for many years: The sale includes 5,700,000 of excellent equipment (QSV at auction) including a massive recent upgrade. In the last 3 years alone, the seller spent approximately 3.5M purchasing new and upgrading equipment.

97 Google Reviews: Average 4.3 Stars.

Little Competition: We have just 2 other competitors in our market to speak of that can do the work we do and have the reputation to win these jobs.

There Are No Negative Disclosable Items: The company is in excellent standing. The buyer is welcome to either an Asset or Stock transaction, however in either case the seller will remain fully committed to cover and be responsible for "ANY" liabilities or claims that occurred on his "watch"/ ownership. He will even provide a full right to offset against the promissory note that he holds with the buyer. After completing 1,000's of jobs we have NOT had 1 complaint for unsatisfactory work that we did not immediately fixed on our watch and our dime. In 28 years, we had only 1 small OSHA infraction and that was 22 years ago. We have always had an excellent safety record with just 2 claims in the past 10 years and our MOD. RATE is .75. However, starting this year our liability and workmen's comp insurance premiums are expected to decline significantly. We take worker safety very seriously and the seller is 100% committed to solid Reps and Warranties in the contract that provides for solid protection of the buyer in these areas.

This is the real opportunity here and the greatest part is the value to the new owner! The fact that we have the name, the reputation, the customer base, and also the equipment to bring the business to 30M/yr. we just need to pick up the phone and take more of the work we are being asked to perform by existing customers who love us. Needless to 'say, the new owner would not have to do any proactive sales or marketing efforts to grow the business to 20M in sales… This business has grown based on name, reputation, and excellent performance of every job ever completed.

Long-standing relationships with our main customers: We have the reputation and the customer relationships, and of course we have the equipment and the excellent employee base for a new owner to expand the business swiftly and as stated above would need very little new equipment to grow the business to 20M/yr. in sales. The owner needs to focus, be driven and involved to make sure this business grows in the way it is begging to do so now.

Licenses and Permits: Initially, the new owner needs no specific licensing or permits in Colorado, the company has both licenses needed to operate going forward, and they are just annual fees to counties.

Please email if you have any specific question(s), path forward, or have potential interest in a phone all or face-to-face meeting with the owner/seller.

Paul Olsen
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Mid West

Seller Financing Available

Asking Price: **$6,000,000**

Cash Flow: **$1,164,938**

Gross Revenue: **$5,313,204**

EBITDA: **$957,909**

FF&E: **$0**

Inventory: **N/A**

Rent: **$7,000 per Month**

Established: **1999**

Save Print Share Valuation Report

Business Description

An established, well-respected garage door company that currently services Indiana, Ohio, and Kentucky. Not only does the company do new door installation, but they also do repairs and opener installation.
Currently, the business has a 90-day backlog with a 25% down payment. While this company is currently able to do new installs in 10 weeks, most of their competition is 20 weeks out due to supply chain issues. Supply chain issues are not a big issue for this company due to its diverse supplier base.

The company has highly trained installers and there is also a management team in place that will stay on after the transition.

The company focuses on both residential and commercial, but there is significant room for growth on the commercial side of the business. The company can continue to increase the marketing that they do which includes, Google and Angie's List.

The company is estimated to be at $6,300,000 in 2021 for revenue with is over a 16% increase in revenue YOY.

The owner is willing to pay a retention bonus to the current employees to assist in easing the transition.

The owner understands the importance of a smooth transition for a buyer and will be willing to stay for a period of time that is agreed to by both parties.

Detailed Information

Real Estate:
Leased

Building SF:
14,000

Lease Expiration:
N/A

Employees:
19

Facilities:
14,000 sq. ft. that is both warehouse and office space.

Competition:
Due to diverse supplier relationships, the install time is about half of the time of their competitors.

Financing:
Owner may offer a small amount of seller financing to the right buyer.

Support & Training:
The seller is willing to train the buyer based on a mutually beneficial agreement.

Reason for Selling:
The owner is looking to explore new opportunities.

Door and Trim Company

bizbuysell.com/Business-Opportunity/door-and-trim-company/1899707

Osceola County, FL

Asking Price: **$2,600,000**

Cash Flow: **$653,000**

Gross Revenue: **$9,327,000**

EBITDA: **N/A**

FF&E: **$1,000,000**

Inventory: **$750,000**

Established: **1987**

Save Print Share Valuation Report

Business Description

The Company is a leading provider of Millwork, Doors, Trim and Windows in the Central Florida area. We are geared to service the commercial general contractor, professional national home builders, remodeling contractors as well as homeowners; providing a full service of design, complete material takeoffs, and estimates, on time delivery, installation and a professionally staffed service department.
Our door shop is nationally certified by NAMI to meet the stringent building codes required by the state of Florida. With a complete pre-hanging door shop, we can provide standard molded interior doors to custom eight foot solid specialty doors.

Confidentiality Agreement, Financial Statement with verification and Business Background required.

Detailed Information

Location:
Osceola County, FL

Inventory:
Included in asking price

Employees:

35

Furniture, Fixtures, & Equipment (FF&E):
Included in asking price

Growth & Expansion:
Unlimited

Support & Training:
4 weeks

Reason for Selling:
Retirement

Tax Returns

Section 09

Form **1120-S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ **Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.**
▶ **Go to *www.irs.gov/Form1120S* for instructions and the latest information.**

OMB No. [Redacted]

2020

For calendar year 2020 or tax year beginning , 2020, ending , 20

A S election effective date [Redacted]	TYPE OR PRINT	Name [Redacted]	**D Employer identification number** [Redacted]
B Business activity code number (see instructions) 238900		Number, street, and room or suite no. If a P.O. box, see instructions. [Redacted]	**E** Date incorporated [Redacted]
C Check if Sch. M-3 attached ☐		City or town, state or province, country, and ZIP or foreign postal code [Redacted]	**F** Total assets (see instructions) $ 541,456.

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed

H Check if: **(1)** ☐ Final return **(2)** ☐ Name change **(3)** ☐ Address change **(4)** ☐ Amended return **(5)** ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year ▶ 1

J Check if corporation: **(1)** ☐ Aggregated activities for section 465 at-risk purposes **(2)** ☐ Grouped activities for section 469 passive activity purposes

Caution: Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income

1a	Gross receipts or sales	1a	5,074,478.		
b	Returns and allowances	1b	664.		
c	Balance. Subtract line 1b from line 1a			1c	5,073,814.
2	Cost of goods sold (attach Form 1125-A)			2	1,879,089.
3	Gross profit. Subtract line 2 from line 1c			3	3,194,725.
4	Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4	-2,255.
5	Other income (loss) (see instructions—attach statement)			5	8,767.
6	**Total income (loss).** Add lines 3 through 5 ▶			6	3,201,237.

Deductions (see instructions for limitations)

7	Compensation of officers (see instructions—attach Form 1125-E)	7	500,813.
8	Salaries and wages (less employment credits)	8	637,917.
9	Repairs and maintenance	9	4,059.
10	Bad debts	10	
11	Rents	11	103,156.
12	Taxes and licenses	12	77,178.
13	Interest (see instructions)	13	7,424.
14	Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	14	17,095.
15	Depletion **(Do not deduct oil and gas depletion.)**	15	
16	Advertising	16	401,466.
17	Pension, profit-sharing, etc., plans	17	
18	Employee benefit programs	18	
19	Other deductions (attach statement) See Statement	19	961,310.
20	**Total deductions.** Add lines 7 through 19 ▶	20	2,710,418.
21	**Ordinary business income (loss).** Subtract line 20 from line 6	21	490,819.

Tax and Payments

22a	Excess net passive income or LIFO recapture tax (see instructions)	22a			
b	Tax from Schedule D (Form 1120-S)	22b			
c	Add lines 22a and 22b (see instructions for additional taxes)			22c	
23a	2020 estimated tax payments and 2019 overpayment credited to 2020	23a			
b	Tax deposited with Form 7004	23b	0.		
c	Credit for federal tax paid on fuels (attach Form 4136)	23c			
d	Reserved for future use	23d			
e	Add lines 23a through 23d			23e	0.
24	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐			24	
25	**Amount owed.** If line 23e is smaller than the total of lines 22c and 24, enter amount owed			25	0.
26	**Overpayment.** If line 23e is larger than the total of lines 22c and 24, enter amount overpaid			26	
27	Enter amount from line 26: **Credited to 2021 estimated tax ▶** **Refunded ▶**			27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date | ▶ President — Title

May the IRS discuss this return with the preparer shown below? See instructions. ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☒ if self-employed	PTIN
[Redacted]	[Redacted]	[Redacted]		[Redacted]
Firm's name ▶ [Redacted]			Firm's EIN ▶ [Redacted]	
Firm's address ▶ [Redacted]			Phone no. [Redacted]	

Schedule K		Shareholders' Pro Rata Share Items *(continued)*		Total amount
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	3,029.
	b	Adjusted gain or loss	15b	0.
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties—gross income	15d	
	e	Oil, gas, and geothermal properties—deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	8,000.
	c	Nondeductible expenses	16c	81,161.
	d	Distributions (attach statement if required) (see instructions)	16d	130,978.
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	0.
	d	Other items and amounts (attach statement) ** SEC 199A INFO: SEE STMT A		
Recon-ciliation	18	**Income (loss) reconciliation.** Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14p	18	466,451.

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
	Assets	(a)	(b)	(c)	(d)
1	Cash		58,641.		382,512.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	( )		( )	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement) Ln 6 St		40,004.		12,451.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	344,206.		338,369.	
b	Less accumulated depreciation	(286,217.)	57,989.	(199,440.)	138,929.
11a	Depletable assets				
b	Less accumulated depletion	( )		( )	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	( )		( )	
14	Other assets (attach statement) Ln 14 St		7,563.		7,564.
15	Total assets		164,197.		541,456.
	Liabilities and Shareholders' Equity				
16	Accounts payable		0.		0.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement) Ln 18 St		36,553.		65,394.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement) Ln 21 St		182,567.		197,986.
22	Capital stock		1,000.		1,000.
23	Additional paid-in capital		0.		
24	Retained earnings		-55,923.		277,076.
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock		( )		( )
27	Total liabilities and shareholders' equity		164,197.		541,456.

Form **1125-A** (Rev. November 2018) Department of the Treasury Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, or 1065.
▶ Go to *www.irs.gov/Form1125A* for the latest information.

OMB No. [Redacted]

Name: [Redacted]

Employer identification number: [Redacted]

1	Inventory at beginning of year	1	
2	Purchases	2	1,870,283
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule) See Statement	5	8,806
6	**Total.** Add lines 1 through 5	6	1,879,089
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	1,879,089

9a Check all methods used for valuing closing inventory:

(i) ☒ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

Small business taxpayers. For tax years beginning after December 31, 2017, the following apply.

- A small business taxpayer (defined below), may use a method of accounting for inventories that either: (1) treats inventories as nonincidental materials and supplies, or (2) conforms to the taxpayer's financial accounting treatment of inventories.
- A small business taxpayer is not required to capitalize costs under section 263A.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, or 1065, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. A small business taxpayer (defined below), can adopt or change its accounting method to account for inventories in the same manner as material and supplies that are non-incidental, or conform to its treatment of inventories in an applicable financial statement (as defined in section 451(b)(3)), or if it does not have an applicable financial statement, the method of accounting used in its books and records prepared in accordance with its accounting procedures. See section 471(c)(3).

A small business taxpayer claiming exemption from the requirement to keep inventories is changing its method of accounting for purposes of section 481. For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on changing to this method of accounting, see Form 3115 and the Instructions for Form 3115.

Small business taxpayer. A small business taxpayer is a taxpayer that (a) has average annual gross receipts of $25 million or less (indexed for inflation) for the 3 prior tax years, and (b) is not a tax shelter (as defined in section 448(d)(3)). See Pub. 538.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property for use in its trade or business or in an activity engaged in for profit.

A small business taxpayer (defined above) is not required to capitalize costs under section 263A. See section 263A(i).

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Additional information from your 2020 US Form 1120S: Income Tax Return for S Corp

Form 1120S: S-Corporation Tax Return
Other Income — Continuation Statement

Description	Amount
Misc Income	8,767.
Total	8,767.

Form 1120S: S-Corporation Tax Return
Other Deductions — Continuation Statement

Description	Amount
Automobile and truck expense	18,396.
Bank charges	583.
Computer services and supplies	11,052.
Dues and subscriptions	10,461.
Insurance	20,328.
Legal and professional	12,200.
Meals (50%)	1,496.
Office expense	8,052.
Outside services	729,733.
Parking fees and tolls	2,532.
Permits and fees	1,980.
Postage	897.
Security	257.
Supplies	14,655.
Telephone	18,463.
Training/continuing education	6,176.
Travel	28,997.
Utilities	21,539.
Communications	1,065.
Business Promotions	7,862.
Credit Card Processing Fees	44,586.
Total	961,310.

Form 1120S: S-Corporation Tax Return
Sch K, Line 12a, Charitable Contributions — Continuation Statement

Code	Description	Amount
A	Cash contributions (60%)	8,100.
B	Cash contributions (30%)	1,268.
	Total	9,368.

Form **1120-S** Department of the Treasury Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
▶ Go to *www.irs.gov/Form1120S* for instructions and the latest information.

OMB No. [Redacted]

2019

For calendar year 2019 or tax year beginning , 2019, ending , 20

A S election effective date [Redacted]	TYPE OR PRINT — Name [Redacted]	D Employer identification number [Redacted]
B Business activity code number (see instructions) 238900	Number, street, and room or suite no. If a P.O. box, see instructions. [Redacted]	E Date incorporated [Redacted]
C Check if Sch. M-3 attached ☐	City or town, state or province, country, and ZIP or foreign postal code [Redacted]	F Total assets (see instructions) $ 164,197.

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed

H Check if: **(1)** ☐ Final return **(2)** ☐ Name change **(3)** ☐ Address change **(4)** ☐ Amended return **(5)** ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year ▶ 1

J Check if corporation: **(1)** ☐ Aggregated activities for section 465 at-risk purposes **(2)** ☐ Grouped activities for section 469 passive activity purposes

Caution: Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Section	Line	Description	Sub-line	Sub-amount	Line	Amount
Income	1a	Gross receipts or sales	1a	3,326,297.		
	b	Returns and allowances	1b	17,160.		
	c	Balance. Subtract line 1b from line 1a			1c	3,309,137.
	2	Cost of goods sold (attach Form 1125-A)			2	1,038,120.
	3	Gross profit. Subtract line 2 from line 1c			3	2,271,017.
	4	Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4	-14,501.
	5	Other income (loss) (see instructions—attach statement)			5	2,897.
	6	**Total income (loss).** Add lines 3 through 5 ▶			6	2,259,413.
Deductions (see instructions for limitations)	7	Compensation of officers (see instructions—attach Form 1125-E)			7	220,081.
	8	Salaries and wages (less employment credits)			8	417,556.
	9	Repairs and maintenance			9	1,377.
	10	Bad debts			10	
	11	Rents			11	86,450.
	12	Taxes and licenses			12	79,919.
	13	Interest (see instructions)			13	3,771.
	14	Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	137,890.
	15	Depletion **(Do not deduct oil and gas depletion.)**			15	
	16	Advertising			16	513,406.
	17	Pension, profit-sharing, etc., plans			17	
	18	Employee benefit programs			18	
	19	Other deductions (attach statement) See Statement			19	703,283.
	20	**Total deductions.** Add lines 7 through 19 ▶			20	2,163,733.
	21	**Ordinary business income (loss).** Subtract line 20 from line 6			21	95,680.
Tax and Payments	22a	Excess net passive income or LIFO recapture tax (see instructions)	22a			
	b	Tax from Schedule D (Form 1120-S)	22b			
	c	Add lines 22a and 22b (see instructions for additional taxes)			22c	
	23a	2019 estimated tax payments and 2018 overpayment credited to 2019	23a			
	b	Tax deposited with Form 7004	23b	0.		
	c	Credit for federal tax paid on fuels (attach Form 4136)	23c			
	d	Reserved for future use	23d			
	e	Add lines 23a through 23d			23e	0.
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐			24	
	25	**Amount owed.** If line 23e is smaller than the total of lines 22c and 24, enter amount owed			25	0.
	26	**Overpayment.** If line 23e is larger than the total of lines 22c and 24, enter amount overpaid			26	
	27	Enter amount from line 26: **Credited to 2020 estimated tax ▶** **Refunded ▶**			27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date | ▶ President Title

May the IRS discuss this return with the preparer shown below? See instructions. ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☒ if self-employed	PTIN
[Redacted]	[Redacted]	[Redacted]		
Firm's name ▶ [Redacted]			Firm's EIN ▶ [Redacted]	
Firm's address ▶ [Redacted]			Phone no. [Redacted]	

Schedule K		Shareholders' Pro Rata Share Items *(continued)*		Total amount
Alternative Minimum Tax (AMT) Items	15a	Post-1986 depreciation adjustment	15a	362.
	b	Adjusted gain or loss	15b	0.
	c	Depletion (other than oil and gas)	15c	
	d	Oil, gas, and geothermal properties—gross income	15d	
	e	Oil, gas, and geothermal properties—deductions	15e	
	f	Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a	Tax-exempt interest income	16a	
	b	Other tax-exempt income	16b	
	c	Nondeductible expenses	16c	82,626.
	d	Distributions (attach statement if required) (see instructions)	16d	
	e	Repayment of loans from shareholders	16e	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	
	d	Other items and amounts (attach statement) ** SEC 199A INFO: SEE STMT A		
Recon-ciliation	18	**Income (loss) reconciliation.** Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14p	18	85,398.

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	(b)	End of tax year (c)	(d)
1	Cash				58,641.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	( )		( )	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement) Ln 6 St		34,649.		40,004.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	449,422.		344,206.	
b	Less accumulated depreciation	(362,573.)	86,849.	(286,217.)	57,989.
11a	Depletable assets				
b	Less accumulated depletion	( )		( )	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	( )		( )	
14	Other assets (attach statement) Ln 14 St		104,174.		7,563.
15	Total assets		225,672.		164,197.
	Liabilities and Shareholders' Equity				
16	Accounts payable		42.		0.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement) Ln 18 St		48,328.		36,553.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement) Ln 21 St		235,025.		182,567.
22	Capital stock		1,000.		1,000.
23	Additional paid-in capital		51,650.		0.
24	Retained earnings		-110,373.		-55,923.
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock		( )		( )
27	Total liabilities and shareholders' equity		225,672.		164,197.

Form **1125-A**

(Rev. November 2018)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, or 1065.
▶ Go to *www.irs.gov/Form1125A* for the latest information.

OMB No. [Redacted]

Name	Employer identification number
[Redacted]	[Redacted]

1	Inventory at beginning of year	1	
2	Purchases	2	1,019,453
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule) See Statement	5	18,667
6	**Total.** Add lines 1 through 5	6	1,038,120
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	1,038,120

9a Check all methods used for valuing closing inventory:

(i) ☒ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

Small business taxpayers. For tax years beginning after December 31, 2017, the following apply.

- A small business taxpayer (defined below), may use a method of accounting for inventories that either: (1) treats inventories as nonincidental materials and supplies, or (2) conforms to the taxpayer's financial accounting treatment of inventories.
- A small business taxpayer is not required to capitalize costs under section 263A.

General Instructions

Purpose of Form

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

Who Must File

Filers of Form 1120, 1120-C, 1120-F, 1120S, or 1065, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

Inventories

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

Exception for certain taxpayers. A small business taxpayer (defined below), can adopt or change its accounting method to account for inventories in the same manner as material and supplies that are non-incidental, or conform to its treatment of inventories in an applicable financial statement (as defined in section 451(b)(3)), or if it does not have an applicable financial statement, the method of accounting used in its books and records prepared in accordance with its accounting procedures. See section 471(c)(3).

A small business taxpayer claiming exemption from the requirement to keep inventories is changing its method of accounting for purposes of section 481. For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on changing to this method of accounting, see Form 3115 and the Instructions for Form 3115.

Small business taxpayer. A small business taxpayer is a taxpayer that (a) has average annual gross receipts of $25 million or less (indexed for inflation) for the 3 prior tax years, and (b) is not a tax shelter (as defined in section 448(d)(3)). See Pub. 538.

Uniform capitalization rules. The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property for use in its trade or business or in an activity engaged in for profit.

A small business taxpayer (defined above) is not required to capitalize costs under section 263A. See section 263A(i).

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.

Additional information from your 2019 US Form 1120S: Income Tax Return for S Corp

Form 1120S: S-Corporation Tax Return
Other Income — Continuation Statement

Description	Amount
Timely Filing Discount	9.
Misc Income	2,888.
Total	2,897.

Form 1120S: S-Corporation Tax Return
Other Deductions — Continuation Statement

Description	Amount
Communications	15,311.
Automobile and truck expense	30,919.
Bank charges	727.
Computer services and supplies	6,408.
Dues and subscriptions	8,134.
Insurance	17,067.
Legal and professional	30,968.
Meals (50%)	356.
Office expense	16,734.
Outside services	449,027.
Parking fees and tolls	3,283.
Permits and fees	2,736.
Postage	868.
Supplies	25,563.
Training/continuing education	18,740.
Travel	3,156.
Utilities	10,696.
Telephone & Communications	15,311.
Business Promotions	5,741.
Credit Card Processing Fees	41,316.
Bookkeeping	222.
Total	703,283.

Form 1120S: S-Corporation Tax Return
M-1, Line 3, Expenses Recorded on Books, Not Included on Schedule K-1 — Continuation Statement

Description	Amount
Shareholder health insurance	10,894.
Non deductible expenses	13,950.
Total	24,844.

Form **1120S** Department of the Treasury Internal Revenue Service

U.S. Income Tax Return for an S Corporation

► Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
► Go to *www.irs.gov/Form1120S* for instructions and the latest information.

OMB No. [Redacted]

2018

For calendar year 2018 or tax year beginning , 2018, ending ,

A S election effective date [Redacted]	TYPE OR PRINT	[Redacted]	**D** Employer identification number [Redacted]
B Business activity code number (see instructions) 238900			**E** Date incorporated [Redacted]
C Check if Schedule M-3 attached ☐			**F** Total assets (see instructions) $ 225,672.

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If 'Yes,' attach Form 2553 if not already filed

H Check if: **(1)** ☐ Final return **(2)** ☐ Name change **(3)** ☒ Address change **(4)** ☐ Amended return **(5)** ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year ► 1

Caution: Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

	Line	Description				
INCOME	1 a	Gross receipts or sales	1 a	3,704,466.		
	b	Returns and allowances	1 b			
	c	Balance. Subtract line 1b from line 1a			1 c	3,704,466.
	2	Cost of goods sold (attach Form 1125-A)			2	1,155,890.
	3	Gross profit. Subtract line 2 from line 1c			3	2,548,576.
	4	Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4	
	5	Other income (loss) (see instrs — att statement)			5	
	6	**Total income (loss).** Add lines 3 through 5 ►			6	2,548,576.
DEDUCTIONS SEE INSTRS	7	Compensation of officers (see instructions - attach Form 1125-E)			7	184,000.
	8	Salaries and wages (less employment credits)			8	415,612.
	9	Repairs and maintenance			9	2,324.
	10	Bad debts			10	
	11	Rents			11	65,575.
	12	Taxes and licenses			12	122,058.
	13	Interest (see instructions)			13	13,722.
	14	Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	120,580.
	15	Depletion **(Do not deduct oil and gas depletion.)**			15	
	16	Advertising			16	717,060.
	17	Pension, profit-sharing, etc., plans			17	
	18	Employee benefit programs			18	
	19	Other deductions (attach statement) SEE STATEMENT 1			19	914,887.
	20	**Total deductions.** Add lines 7 through 19 ►			20	2,555,818.
	21	**Ordinary business income (loss).** Subtract line 20 from line 6			21	-7,242.
TAX AND PAYMENTS	22 a	Excess net passive income or LIFO recapture tax (see instructions)	22 a			
	b	Tax from Schedule D (Form 1120S)	22 b			
	c	Add lines 22a and 22b (see instructions for additional taxes)			22 c	
	23 a	2018 estimated tax payments and 2017 overpayment credited to 2018	23 a			
	b	Tax deposited with Form 7004	23 b			
	c	Credit for federal tax paid on fuels (attach Form 4136)	23 c			
	d	Refundable credit from Form 8827, line 8c	23 d			
	e	Add lines 23a through 23d			23 e	
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached ► ☐			24	
	25	**Amount owed.** If line 23e is smaller than the total of lines 22c and 24, enter amount owed			25	0.
	26	**Overpayment.** If line 23e is larger than the total of lines 22c and 24, enter amount overpaid			26	
	27	Enter amount from line 26: **Credited to 2019 estimated tax** ►		**Refunded** ►	27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

► Signature of officer | Date | ► PRESIDENT Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
[Redacted]	[Redacted]	10/06/19		[Redacted]
Firm's name ► [Redacted]			Firm's EIN ► [Redacted]	
Firm's address ► [Redacted]			Phone no. [Redacted]	

Schedule K	**Shareholders' Pro Rata Share Items** *(continued)*		**Total amount**
Alternative Minimum Tax (AMT) Items	**15a** Post-1986 depreciation adjustment	15a	-450.
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties — gross income	15d	
	e Oil, gas, and geothermal properties — deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	**16a** Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	110,237.
	d Distributions (attach stmt if required) (see instrs)	16d	16,904.
	e Repayment of loans from shareholders	16e	
Other Information	**17a** Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement) SEE STATEMENT 3		
Reconciliation	**18** **Income/loss reconciliation.** Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14p	18	-10,505.

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
Assets	**(a)**	**(b)**	**(c)**	**(d)**
1 Cash		29,869.		
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach stmt) SEE ST 4		34,700.		34,649.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)				
10a Buildings and other depreciable assets	363,669.		449,422.	
b Less accumulated depreciation	324,848.	38,821.	362,573.	86,849.
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach stmt) SEE ST 5		96,610.		104,174.
15 Total assets		200,000.		225,672.
Liabilities and Shareholders' Equity				
16 Accounts payable				42.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach stmt) SEE ST 6		2,138.		48,328.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach statement) SEE ST 7		161,439.		235,025.
22 Capital stock		1,000.		1,000.
23 Additional paid-in capital		51,650.		51,650.
24 Retained earnings		-16,227.		-110,373.
25 Adjustments to shareholders' equity (att stmt)				
26 Less cost of treasury stock				
27 Total liabilities and shareholders' equity		200,000.		225,672.

Form **1125-A** (Rev. November 2018) Department of the Treasury Internal Revenue Service

Cost of Goods Sold

► **Attach to Form 1120, 1120-C, 1120-F, 1120S, or 1065.**
► **Go to *www.irs.gov/Form1125A* for the latest information.**

Name	Employer identification number
[Redacted]	[Redacted]

1	Inventory at beginning of year	1	
2	Purchases	2	1,152,411.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule) SEE STATEMENT 12	5	3,479.
6	**Total.** Add lines 1 through 5	6	1,155,890.
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	1,155,890.

9 a Check all methods used for valuing closing inventory:

(i) ☐ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ►

b Check if there was a writedown of subnormal goods ► ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ► ☐

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

BAA For Paperwork Reduction Act Notice, see instructions. Form **1125-A** (Rev. 11-2018)

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	2018	2017	DIFF
ORDINARY INCOME			
GROSS RECEIPTS LESS RETURNS/ALLOWANCE	3,704,466	4,570,390	-865,924
COST OF GOODS SOLD (FORM 1125-A)	1,155,890	2,408,806	-1,252,916
GROSS PROFIT	2,548,576	2,161,584	386,992
TOTAL INCOME (LOSS)	2,548,576	2,161,584	386,992
ORDINARY DEDUCTIONS			
COMPENSATION OF OFFICERS	184,000	416,699	-232,699
SALARIES/WAGES (LESS EMPLOYMENT CR.)	415,612	333,674	81,938
REPAIRS AND MAINTENANCE	2,324	10,562	-8,238
RENTS	65,575	49,088	16,487
TAXES AND LICENSES	122,058	52,090	69,968
INTEREST	13,722	4,624	9,098
DEPRECIATION	120,580	4,246	116,334
ADVERTISING	717,060	892,141	-175,081
OTHER DEDUCTIONS	914,887	247,619	667,268
TOTAL DEDUCTIONS	2,555,818	2,010,743	545,075
ORDINARY BUSINESS INCOME (LOSS)	-7,242	150,841	-158,083
REFUND OR AMOUNT DUE			
BALANCE DUE	0	0	0
SCHEDULE K - INCOME			
ORDINARY BUSINESS INCOME (LOSS)	-7,242	150,841	-158,083
SCHEDULE K - DEDUCTIONS			
SECTION 179 DEDUCTION	3,239	70,937	-67,698
CHARITABLE CONTRIBUTIONS	24	0	24
SCHEDULE K - ALTERNATIVE MINIMUM TAX ITEMS			
POST-1986 DEPRECIATION ADJUSTMENT	-450	198	-648
SCHEDULE K - ITEMS AFFECTING BASIS			
NONDEDUCTIBLE EXPENSES	110,237	20,769	89,468
PROPERTY DISTRIBUTIONS	16,904	68,329	-51,425
SCHEDULE K - OTHER INFORMATION			
INCOME (LOSS) RECONCILIATION	-10,505	79,904	-90,409
SCHEDULE L - BALANCE SHEET			
BEGINNING ASSETS	200,000	246,954	-46,954
BEGINNING LIABILITIES & EQUITY	200,000	246,954	-46,954
ENDING ASSETS	225,672	200,000	25,672
ENDING LIABILITIES & EQUITY	225,672	200,000	25,672

Form **1120S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ **Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.**

▶ **Go to www.irs.gov/Form1120S for instructions and the latest information.**

OMB No. 1545-0123

2017

For calendar year 2017 or tax year beginning , **and ending**

A S election effective date [Redacted]	TYPE OR PRINT	Name [Redacted]	**D** Employer identification number [Redacted]
B Business activity code number (see instructions) 238900		Number, street, and room or suite no. If a P.O. box, see instructions. [Redacted]	**E** Date incorporated [Redacted]
C Check if Sch. M-3 attached ☐		City or town, state or province, country, and ZIP or foreign postal code [Redacted]	**F** Total assets (see instructions) $ 200,000.

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year ▶ 1

Caution: *Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.*

Section	Line	Description	Line	Amount
Income	1 a	Gross receipts or sales 4,570,390. b Return and allowances ____ c Bal. Subtract line 1b from line 1a ▶	1c	4,570,390.
	2	Cost of goods sold (attach Form 1125-A)	2	2,408,806.
	3	Gross profit. Subtract line 2 from line 1c	3	2,161,584.
	4	Net gain (loss) from Form 4797, line 17 *(attach Form 4797)*	4	
	5	Other income (loss) *(attach statement)*	5	
	6	**Total income (loss).** Add lines 3 through 5 ▶	6	2,161,584.
Deductions (See instructions for limitations)	7	Compensation of officers (see instrs. - attach Form 1125-E)	7	416,699.
	8	Salaries and wages (less employment credits)	8	333,674.
	9	Repairs and maintenance	9	10,562.
	10	Bad debts	10	
	11	Rents	11	49,088.
	12	Taxes and licenses Statement 1	12	52,090.
	13	Interest	13	4,624.
	14	Depreciation not claimed on Form 1125-A or elsewhere on return *(attach Form 4562)*	14	4,246.
	15	Depletion **(Do not deduct oil and gas depletion.)**	15	
	16	Advertising	16	892,141.
	17	Pension, profit-sharing, etc., plans	17	
	18	Employee benefit programs	18	
	19	Other deductions *(attach statement)* Statement 2	19	247,619.
	20	**Total deductions.** Add lines 7 through 19 ▶	20	2,010,743.
	21	**Ordinary business income (loss).** Subtract line 20 from line 6	21	150,841.
Tax and Payments	22 a	Excess net passive income or LIFO recapture tax *(see instructions)* — 22a		
	b	Tax from Schedule D (Form 1120S) — 22b		
	c	Add lines 22a and 22b	22c	
	23 a	2017 estimated tax payments and 2016 overpayment credited to 2017 — 23a		
	b	Tax deposited with Form 7004 — 23b		
	c	Credit for federal tax paid on fuels *(attach Form 4136)* — 23c		
	d	Add lines 23a through 23c	23d	
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐	24	
	25	**Amount owed.** If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25	
	26	**Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26	
	27	Enter amount from line 26 **Credited to 2018 estimated tax** ▶ **Refunded** ▶	27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ [Redacted] Signature of officer | Date | ▶ President Title

May the IRS discuss this return with the preparer shown below (see instr.)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
[Redacted]	[Redacted]	4/27/18		

Firm's name ▶ [Redacted] — Firm's EIN ▶ [Redacted]

Firm's address ▶ [Redacted] — Phone no. [Redacted]

JWA **For Paperwork Reduction Act Notice, see separate instructions.** Form **1120S** (2017)

711701
12-20-17

Schedule K Shareholders' Pro Rata Share Items (continued)

			Total amount
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (att. stmt.) Statement 4		
Reconciliation	18 **Income/loss reconciliation.** Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	79,904.

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	(b)	End of tax year (c)	(d)
1 Cash		96,390.		29,869.
2 a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (att. stmt.)	Statement 5	31,450.		34,700.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (att. stmt.)				
10 a Buildings and other depreciable assets	291,955.		363,669.	
b Less accumulated depreciation	269,451.	22,504.	324,848.	38,821.
11 a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13 a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (att. stmt.)	Statement 6	96,610.		96,610.
15 Total assets		246,954.		200,000.
Liabilities and Shareholders' Equity				
16 Accounts payable		500.		
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (att. stmt.)	Statement 7	9,768.		2,138.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (att. stmt.)	Statement 8	164,781.		161,439.
22 Capital stock		1,000.		1,000.
23 Additional paid-in capital		51,650.		51,650.
24 Retained earnings	Statement 9	19,255.		-16,227.
25 Adjustments to shareholders' equity (att. stmt.)				
26 Less cost of treasury stock		( )		( )
27 Total liabilities and shareholders' equity		246,954.		200,000.

Form **1125-A** (Rev. October 2016) Department of the Treasury Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

Name: [Redacted]

Employer identification number: [Redacted]

1	Inventory at beginning of year	1	
2	Purchases	2	1,434,570.
3	Cost of labor	3	974,236.
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	2,408,806.
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	2,408,806.

9a Check all methods used for valuing closing inventory:
- (i) ☐ Cost
- (ii) ☐ Lower of cost or market
- (iii) ☐ Other (Specify method used and attach explanation) ▶

b Check if there was a writedown of subnormal goods ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO | 9d |

e If property is produced or acquired for resale, do the rules of Section 263A apply to the entity? See instructions ☐ Yes ☒ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation. ☐ Yes ☒ No

For Paperwork Reduction Act Notice, see separate instructions.

Form 1120S	Taxes and Licenses	Statement 1

Description	Amount
Franchise Tax	11,809.
Payroll Taxes	40,281.
Total to Form 1120S, Page 1, Line 12	52,090.

Form 1120S	Other Deductions	Statement 2

Description	Amount
Amortization Expense	667.
Auto & Truck Exp	25,051.
Bank Service Fees	8,912.
Domain Name	388.
Dues & Memberships	28,336.
Education	5,506.
Employee Relations	6,475.
Insurance	19,521.
Meals and Entertainment	10,277.
Medical Expenses	13,967.
Merchant Fees	32,274.
Office Expense	13,141.
Office Supplies	23,956.
Parking & Tolls	2,354.
Permits	2,794.
Postage	1,467.
Professional Fees	5,330.
Telephone & Comm	15,777.
Training	3,390.
Travel	16,728.
Utilities	11,308.
Total to Form 1120S, Page 1, Line 19	247,619.

Schedule K	Nondeductible Expenses	Statement 3

Description	Amount
S/H Medical Insurance	10,492.
Excluded Meals and Entertainment Expenses	10,277.
Total to Schedule K, Line 16c	20,769.

Financial Statements

Section 10

Profit & Loss
January through July 2021

		Jan - Jul 21
Ordinary Income/Expense		
Income		
Customer Payment for Job		4,122,080.78
Total Income		4,122,080.78
Cost of Goods Sold		
Job Materials Purchased		1,325,127.38
Total COGS		1,325,127.38
Gross Profit		2,796,953.40
Expense		
Security		127.70
Advertising		332,556.02
Communications		649.34
Credit Card Processing Fees		25,584.09
Auto and Truck Expenses		16,437.03
Bank Service Charges		425.15
Business Promotions		82.20
Computer Expense		10,528.72
Contract Labor		502,475.02
Dues & Subscriptions		54,799.85
Employee Relations		580.07
Entertainment		247.77
Insurance Expense		
General Liability Insurance	2,190.64	
Vehicle Insurance	11,673.56	
Health Insurance	7,585.41	
Insurance Expense - Other	948.68	
Total Insurance Expense		22,398.29
Interest Expense		1,957.50
Meals and Entertainment		4,518.14
Medical Expense		23,735.61
Office Expense		7,242.53
Office Supplies		17,016.14
Payroll Expenses		
S-Corp Shareholder Health Insu	24,691.92	
Payroll Wages	1,004,281.54	
Payroll Taxes	67,432.85	
Total Payroll Expenses		1,096,406.31
Permits		1,029.00
Postage		421.49
Professional Fees		5,341.12
Rent Expense		8,306.21
Repairs and Maintenance		3,600.98
Software Expense		6,672.72
Taxes		21,551.72
Telephone & Communications		17,408.50
Tolls and Parking		2,080.29
Training		1,150.00
Travel		21,443.53
Utilities		18,071.35
Total Expense		2,224,844.39
Net Ordinary Income		572,109.01

Profit & Loss
January through July 2021

	Jan - Jul 21
Other Income/Expense	
Other Income	
Interest Income	0.14
Non-Taxable PPP Loan Forgivenes	112,977.00
Gain/Loss on Asset Disposal	-7,890.28
Total Other Income	105,086.86
Net Other Income	105,086.86
Net Income	**677,195.87**

Balance Sheet
As of July 31, 2021

	Jul 31, 21
ASSETS	
Current Assets	
Checking/Savings	
Chase 0386*	698,512.09
Chase Savings 8271	2,197.83
Total Checking/Savings	700,709.92
Other Current Assets	
Prepaid Ext Warranty	5,958.40
Customer deposits	8,400.00
Returned Checks Receivable	4,179.00
Total Other Current Assets	18,537.40
Total Current Assets	719,247.32
Fixed Assets	
Computers and Office Equipment	16,379.06
Construction Equipment	11,399.76
Furniture and Equipment	26,808.31
Vehicles	337,377.11
Warehouse Equipment	20,961.28
Accumulated Depreciation	-195,786.54
Total Fixed Assets	217,138.98
Other Assets	
Rent Deposit	49,465.09
Total Other Assets	49,465.09
TOTAL ASSETS	**985,851.39**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	100.00
Total Accounts Payable	100.00
Credit Cards	
Chase Credit Card 2876/9021	70,574.45
Citi Bank 4001	
Credit Card at Citi Cards 4001	20,421.63
Total Citi Bank 4001	20,421.63
Total Credit Cards	90,996.08
Other Current Liabilities	
Payroll Liabilities	31,681.17
Total Other Current Liabilities	31,681.17
Total Current Liabilities	122,777.25
Long Term Liabilities	
N/P-GM Financial	47,210.30
Total Long Term Liabilities	47,210.30
Total Liabilities	169,987.55

Balance Sheet
As of July 31, 2021

	Jul 31, 21
Equity	
Shareholder Draw	-139,408.30
Capital Stock	1,000.00
Retained Earnings	277,076.27
Net Income	677,195.87
Total Equity	815,863.84
TOTAL LIABILITIES & EQUITY	**985,851.39**

Provisions and Conditions

Section 11

Departure Provisions

This is a business valuation and not an appraisal. Specifically, our valuation analysis did not include strict adherence to USPAP (Uniform Standard Professional Appraisal Practices) standards, such as:

a) A comprehensive financial statement analysis, including Income Statements, Balance Sheets and Cash Flows, containing appropriate adjustments to those statements as necessary.
b) An industry analysis/and research of the capital markets compared with the valued company's financial statements to derive discount and capitalization rates.
c) A certifying cover letter with the evaluator's signature.

The Vant Group, Inc. ("TVG") valuation methodologies (the Market Approach), used to arrive at the value, are based on hundreds of valuations performed since 1999 by its principals who have been themselves investment bankers, business buyers, and business sellers in real world buy/sell situations.

Contingencies and Limiting Conditions

This business valuation has been prepared subject to the following conditions:

1. This valuation has been prepared for and is to be used only for the purpose outlined. It may not be reproduced in whole or in part without the written consent of the client or the evaluator and, in any event, only with the proper attribution. We are not required to give testimony in court, or be in attendance during any hearings or depositions, with reference to the company being valued, unless previous contractual arrangements have been made.
2. We have relied on the financial information provided to our client as furnished by the company. We have accepted this information as true and correct.
3. Information and estimates contained in this valuation are obtained from sources considered to be reliable. However, we assume no liability for such sources.
4. It is assumed that there are no significant adverse circumstances nor any substantial contingent or undisclosed liabilities other than those described in this valuation that would tend to have a severe impact on the value of the businesses and that there are no known undisclosed circumstances that would require a buyer of the companies to make a substantial investment other than the purchase price. The various estimates of value presented in this valuation apply to this valuation only and may not be used out of the context presented herein. This valuation is valid only for the purposes specified herein.
5. Our valuation does not take into consideration the existence of toxic, hazardous or contaminated substance or materials, and the cost to a prospective buyer of removing such items and follow up treatments to the subject properties as well as a potential share of clean-up costs for non-affiliated companies.
6. The historical financial information presented in this valuation is included solely to assist in the development of the range of value conclusion of this valuation, and it should not be used to obtain credit or for any other purpose. Because of the limited purpose of this presentation, it may be incomplete and contain departures from generally accepted accounting principles.

All information in this valuation has been provided by our client and is assumed to be reliable. No verification of the information has been done by TVG, nor has TVG inspected or on-site visit of the business premises or facilities

Business Valuation

The objective of this valuation is to estimate the Fair Market Value of 100% of the enterprise value of [Redacted] ("Company" or "subject") as of the Valuation Date for the purpose as set forth above in this Valuation Report. The standard of value used in our valuation of the Company is *Fair Market Value*. Fair Market Value is the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

There are many factors to consider when estimating the value of any business entity. These factors vary for each valuation depending on the unique circumstances of the business enterprise and general economic conditions that exist at the effective date of the valuation. However, fundamental guidelines of the factors to consider in any valuation have been established. The most commonly used valuation guidelines are derived from the Internal Revenue Service's Revenue Ruling 59-60. Revenue Ruling 59-60 states that in the valuation of the stock of closely held businesses, the following factors, although not all inclusive, are fundamental and require careful consideration in each case:

- ☐ The nature of the business and the history of the enterprise from its inception.
- ☐ The economic outlook in general and the condition and outlook of the specific industry.
- ☐ The book value of the stock and the financial condition of the business.
- ☐ The earning capacity of the company.
- ☐ The dividend-paying capacity.
- ☐ Whether or not the enterprise has goodwill or other intangible value.
- ☐ Sales of the stock and the size of the block of stock to be valued.
- ☐ The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over the counter.

In addition to providing general valuation guidelines, Revenue Ruling 59-60 outlines other considerations and techniques for valuing the stock of closely held businesses. The techniques are commonly divided into general approaches, i.e., the Asset, Income, and Market approaches. Specific methods are then used to estimate the value of the total business entity under each approach. Our conclusion of Fair Market Value is determined based on the results of these methods and the specific circumstances surrounding the interest being valued.

Appendix 1 — Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and they are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Anthony Cullins and Hensay Qualah provided significant assistance in the areas of research, analysis and report writing.

Please read this entire letter and the full attached report carefully. Doing so will help you to avoid many of the pitfalls that we see business owners make when they try to optimize the value of their business. Over-pricing and improper terms keep most businesses from ever successfully selling. We believe that if you follow these recommendations, you will be much more likely to successfully complete a sale at the best price obtainable in the market place.

We sincerely thank you for this opportunity. It was our privilege to review this business on your behalf. Should you have questions after reading this letter and after examining this report, please contact us at (972) 458-8989.

Best Regards,

Alex Vantarakis

Alex Vantarakis
President

Glossary

Section 12

***International Glossary of Business Valuation Terms**:*

To enhance and sustain the quality of business valuations for the benefit of the profession and its clientele, the below identified societies and organizations have adopted the definitions for the terms included in this glossary. The performance of business valuation services requires a high degree of skill and imposes upon the valuation professional a duty to communicate the valuation process and conclusion in a manner that is clear and not misleading. This duty is advanced using terms whose meanings are clearly established and consistently applied throughout the profession. If, in the opinion of the business valuation professional, one or more of these terms needs to be used in a manner which materially departs from the enclosed definitions, it is recommended that the term be defined as used within that valuation engagement. This glossary has been developed to provide guidance to business valuation practitioners by further memorializing the body of knowledge that constitutes the competent and careful determination of value and, more particularly, the communication of how that value was determined. Departure from this glossary is not intended to provide a basis for civil liability and should not be presumed to create evidence that any duty has been breached.

American Institute of Certified Public Accountants
American Society of Appraisers
National Association of Certified Valuation Analysts
The Institute of Business Appraisers

Adjusted Book Value Method: a method within the asset approach whereby all assets and liabilities (including off-balance sheet, intangible, and contingent) are adjusted to their fair market values.

Adjusted Net Asset Method: see *Adjusted Book Value Method*.

Appraisal: see *Valuation*.

Appraisal Approach: see *Valuation Approach* from above.

Appraisal Date: see *Valuation Date*.

Appraisal Method: see *Valuation Method*.

Arbitrage Pricing Theory: a multivariate model for estimating the cost of equity capital, which incorporates several systematic risk factors.

Asset (Asset-Based) Approach: a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities.

Beta: a measure of systematic risk of a stock; the tendency of a stock's price to correlate with changes in a specific index.

Blockage Discount: an amount or percentage deducted from the current market price of a publicly traded stock to reflect the decrease in the per share value of a block of stock that is of a size that could not be sold in a reasonable period of time given normal trading volume.

Book Value: see *Net Book Value*.

Business: see *Business Enterprise*.

Business Enterprise: a commercial, industrial, service, or investment entity (or a combination thereof) pursuing an economic activity.

Business Risk: the degree of uncertainty of realizing expected future returns of the business resulting from factors other than financial leverage. See *Financial Risk*.

Business Valuation: the act or process of determining the value of a business enterprise or ownership interest therein.

Capital Asset Pricing Model (CAPM): a model in which the cost of capital for any stock or portfolio of stocks equals a risk-free rate plus a risk premium that is proportionate to the systematic risk of the stock or portfolio.

Capitalization: a conversion of a single period of economic benefits into value.

Capitalization Factor: any multiple or divisor used to convert anticipated economic benefits of a single period into value.

Capitalization of Earnings Method: a method within the income approach whereby economic benefits for a representative single period are converted to value through division by a capitalization rate.

Capitalization Rate: any divisor (usually expressed as a percentage) used to convert anticipated economic benefits of a single period into value.

Capital Structure: the composition of the invested capital of a business enterprise; the mix of debt and equity financing.

Cash Flow: cash that is generated over a period by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context.

Common Size Statements: financial statements in which each line is expressed as a percentage of the total. On the balance sheet, each line item is shown as a percentage of total assets, and on the income statement, each item is expressed as a percentage of sales.

Control: the power to direct the management and policies of a business enterprise.

Control Premium: an amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a noncontrolling interest in a business enterprise to reflect the power of control.

Cost Approach: a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

Cost of Capital: the expected rate of return that the market requires in order to attract funds to a particular investment.

Debt-Free: See *Invested Capital*.

Discount for Lack of Control: an amount or percentage deducted from the pro rata share of value of 100% of an equity interest in a business to reflect the absence of some or all of the powers of control.

Discount for Lack of Marketability: an amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability.

Discount for Lack of Voting Rights: an amount or percentage deducted from the per share value of a minority interest voting share to reflect the absence of voting rights.

Discount Rate: a rate of return used to convert a future monetary sum into present value.

Discounted Cash Flow Method: a method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate.

Discounted Future Earnings Method: a method within the income approach whereby the present value of future expected economic benefits is calculated using a discount rate.

Economic Benefits: inflows such as revenues, net income, net cash flows, etc.

Economic Life: the period over which property may generate economic benefits.

Effective Date: see *Valuation Date*.

Enterprise: see *Business Enterprise*.

Equity: the owner's interest in property after deduction of all liabilities.

Equity Net Cash Flows: those cash flows available to pay out to equity holders (in the form of dividends) after funding operations of the business enterprise, making necessary capital investments, and increasing or decreasing debt financing.

Equity Risk Premium: a rate of return added to a risk-free rate to reflect the additional risk of equity instruments over risk free instruments (a component of the cost of equity capital or equity discount rate).

Excess Earnings: that amount of anticipated economic benefits that exceeds an appropriate rate of return on the value of a selected asset base (often net tangible assets) used to generate those anticipated economic benefits.

Excess Earnings Method: a specific way of determining a value indication of a business, business ownership interest, or security determined as the sum of *a*) the value of the assets derived by capitalizing excess earnings and *b*) the value of the selected asset base. Also frequently used to value intangible assets. See *Excess Earnings*.

Fair Market Value: the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

Fairness Opinion: an opinion as to whether the consideration in a transaction is fair from a financial point of view.

Financial Risk: the degree of uncertainty of realizing expected future returns of the business resulting from financial leverage. See *Business Risk*.

Forced Liquidation Value: liquidation value, at which the asset or assets are sold as quickly as possible, such as at an auction.

Free Cash Flow: See *Net Cash Flow*.

Going Concern: an ongoing operating business enterprise.

Going Concern Value: the value of a business enterprise that is expected to continue to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place.

Goodwill: that intangible asset arising as a result of name, reputation, customer loyalty, location, products, and similar factors not separately identified.

Goodwill Value: the value attributable to goodwill.

Guideline Public Company Method: a method within the market approach whereby market multiples are derived from market prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market.

Income (Income-Based) Approach: a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more methods that convert anticipated economic benefits into a present single amount.

Intangible Assets: nonphysical assets such as franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities, and contracts (as distinguished from physical assets) that grant rights and privileges and have value for the owner.

Internal Rate of Return: a discount rate at which the present value of the future cash flows of the investment equals the cost of the investment.

Intrinsic Value: the value that an investor considers, based on a valuation or available facts, to be the "true" or "real" value that will become the market value when other investors reach the same conclusion. When the term applies to options, it is the difference between the exercise price and strike price of an option and the market value of the underlying security.

Invested Capital: the sum of equity and debt in a business enterprise. Debt is typically (*a*) all interest-bearing debt or (*b*) long-term, interest-bearing debt. When the term is used, it should be supplemented by a specific definition in the given valuation context.

Invested Capital Net Cash Flows: those cash flows available to pay out to equity holders (in the form of dividends) and debt investors (in the form of principal and interest) after funding operations of the business enterprise and making necessary capital investments.

Investment Risk: the degree of uncertainty as to the realization of expected returns.

Investment Value: the value to an investor based on individual investment requirements and expectations.

Key Person Discount: an amount or percentage deducted from the value of an ownership interest to reflect the reduction in value resulting from the actual or potential loss of a key person in a business enterprise.

Levered Beta: the beta reflecting a capital structure that includes debt.

Limited Appraisal: the act or process of determining the value of a business, business ownership interest, security, or intangible asset with limitations in analyses, procedures, or scope.

Liquidity: the ability to quickly convert property to cash or pay a liability.

Liquidation Value: the net amount that would be realized if the business is terminated and the assets are sold piecemeal. Liquidation can be either "orderly" or "forced."

Majority Control: the degree of control provided by a majority position.

Majority Interest: an ownership interest greater than 50% of the voting interest in a business enterprise.

Market (Market-Based) Approach: a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

Market Capitalization of Equity: the share price of a publicly traded stock multiplied by the number of shares outstanding.

Market Capitalization of Invested Capital: the market capitalization of equity plus the market value of the debt component of invested capital.

Market Multiple: the market value of a company's stock or invested capital divided by a company measure (such as economic benefits, number of customers).

Marketability: the ability to quickly convert property to cash at minimal cost.

Marketability Discount: see *Discount for Lack of Marketability*.

Merger and Acquisition Method: a method within the market approach whereby pricing multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.

Mid-Year Discounting: a convention used in the Discounted Future Earnings Method that reflects economic benefits being generated at midyear, approximating the effect of economic benefits being generated evenly throughout the year.

Minority Discount: a discount for lack of control applicable to a minority interest.

Minority Interest: an ownership interest less than 50% of the voting interest in a business enterprise.

Multiple: the inverse of the capitalization rate.

Net Book Value: with respect to a business enterprise, the difference between total assets (net of accumulated depreciation, depletion, and amortization) and total liabilities as they appear on the balance sheet (synonymous with Shareholder's Equity). With respect to a specific asset, the capitalized cost less accumulated amortization or depreciation as it appears on the books of account of the business enterprise.

Net Cash Flows: when the term is used, it should be supplemented by a qualifier. See *Equity Net Cash Flows* and *Invested Capital Net Cash Flows*.

Net Present Value: the value, as of a specified date, of future cash inflows less all cash outflows (including the cost of investment) calculated using an appropriate discount rate.

Net Tangible Asset Value: the value of the business enterprise's tangible assets (excluding excess assets and nonoperating assets) minus the value of its liabilities.

Nonoperating Assets: assets not necessary to ongoing operations of the business enterprise.

Normalized Earnings: economic benefits adjusted for nonrecurring, noneconomic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

Normalized Financial Statements: financial statements adjusted for nonoperating assets and liabilities and/or for nonrecurring, noneconomic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

Orderly Liquidation Value: liquidation value at which the asset or assets are sold over a reasonable period to maximize proceeds received.

Premise of Value: an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; for example, going concern, liquidation.

Present Value: the value, as of a specified date, of future economic benefits and/or proceeds from sale, calculated using an appropriate discount rate.

Portfolio Discount: an amount or percentage deducted from the value of a business enterprise to reflect the fact that it owns dissimilar operations or assets that do not fit well together.

Price/Earnings Multiple: the price of a share of stock divided by its earnings per share.

Rate of Return: an amount of income (loss) and/or change in value realized or anticipated on an investment, expressed as a percentage of that investment.

Redundant Assets: see *Nonoperating Assets*.

Report Date: the date conclusions are transmitted to the client.

Replacement Cost New: the current cost of a similar new property having the nearest equivalent utility to the property being valued.

Reproduction Cost New: the current cost of an identical new property.

Required Rate of Return: the minimum rate of return acceptable by investors before they will commit money to an investment at a given level of risk.

Residual Value: the value as of the end of the discrete projection period in a discounted future earnings model.

Return on Equity: the amount, expressed as a percentage, earned on a company's common equity for a given period.

Return on Investment: See *Return on Invested Capital* and *Return on Equity*.

Return on Invested Capital: the amount, expressed as a percentage, earned on a company's total capital for a given period.

Risk-Free Rate: the rate of return available in the market on an investment free of default risk.

Risk Premium: a rate of return added to a risk-free rate to reflect risk.

Rule of Thumb: a mathematical formula developed from the relationship between price and certain variables based on experience, observation, hearsay, or a combination of these; usually industry specific.

Special Interest Purchasers: acquirers who believe they can enjoy post-acquisition economies of scale, synergies, or strategic advantages by combining the acquired business interest with their own.

Standard of Value: the identification of the type of value being utilized in a specific engagement; for example, fair market value, fair value, investment value.

Sustaining Capital Reinvestment: the periodic capital outlay required to maintain operations at existing levels, net of the tax shield available from such outlays.

Systematic Risk: the risk that is common to all risky securities and cannot be eliminated through diversification. The measure of systematic risk in stocks is the beta coefficient.

Tangible Assets: physical assets (such as cash, accounts receivable, inventory, property, plant and equipment, etc.).

Terminal Value: See *Residual Value*.

Transaction Method: See *Merger and Acquisition Method*.

Unlevered Beta: the beta reflecting a capital structure without debt.

Unsystematic Risk: the risk specific to an individual security that can be avoided through diversification.

Valuation: the act or process of determining the value of a business, business ownership interest, security, or intangible asset.

Valuation Approach: a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more valuation methods.

Valuation Date: the specific point in time as of which the valuator's opinion of value applies (also referred to as "Effective Date" or "Appraisal Date").

Valuation Method: within approaches, a specific way to determine value.

Valuation Procedure: the act, manner, and technique of performing the steps of an appraisal method.

Valuation Ratio: a fraction in which a value or price serves as the numerator and financial, operating, or physical data serve as the denominator.

Value to the Owner: see *Investment Value*.

Voting Control: *de jure* control of a business enterprise.

Weighted Average Cost of Capital (WACC): the cost of capital (discount rate) determined by the weighted average, at market value, of the cost of all financing sources in the business enterprise's capital structure.

Additional Terms

Assumptions and Limiting Conditions: Parameters and boundaries under which a valuation is performed, as agreed upon by the valuation analyst and the client or as acknowledged or understood by the valuation analyst and the client as being due to existing circumstances. An example is the acceptance, without further verification, by the valuation analyst from the client of the client's financial statements and related information.

Business Ownership Interest: A designated share in the ownership of a business (business enterprise).

Calculated Value: An estimate as to the value of a business, business ownership interest, security, or intangible asset, arrived at by applying valuation procedures agreed upon with the client and using professional judgment as to the value or range of values based on those procedures.

Calculation Engagement: An engagement to estimate value wherein the valuation analyst and the client agree on the specific valuation approaches and valuation methods that the valuation analyst will use and the extent of valuation procedures the valuation analyst will perform to estimate the value of a subject interest. A calculation engagement generally does not include all the valuation procedures required for a valuation engagement. If a valuation engagement had been performed, the results might have been different. The valuation analyst expresses the results of the calculation engagement as a calculated value, which may be either a single amount or a range.

Capital or Contributory Asset Charge: A fair return on an entity's *contributory assets*, which are tangible and intangible assets used in the production of income or cash flow associated with an intangible asset being valued. In this context, *income or cash flow* refers to an applicable measure of income or cash flow, such as net income, or operating cash flow before taxes and capital expenditures. A capital charge may be expressed as a percentage return on an economic rent associated with, or a profit split related to, the contributory assets.

Capitalization of Benefits Method: A method within the income approach whereby expected future benefits (for example, earnings or cash flow) for a representative single period are converted to value through division by a capitalization rate.

Comparable Company Analysis: A valuation methodology that is used to evaluate the value of a company using the metrics of other businesses of similar size in the same industry. Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples.

Comparable Profits Method: A method of determining the value of intangible assets by comparing the profits of the subject entity with those of similar uncontrolled companies that have the same or similar complement of intangible assets as the subject company.

Comparable Uncontrolled Transaction Method: A method of determining the value of intangible assets by comparing the subject transaction to similar transactions in the marketplace made between independent (uncontrolled) parties.

Conclusion of Value: An estimate of the value of a business, business ownership interest, security, or intangible asset, arrived at by applying the valuation procedures appropriate for a valuation engagement and using professional judgment as to the value or range of values based on those procedures.

Control Adjustment: A valuation adjustment to financial statements to reflect the effect of a controlling interest in a business. An example would be an adjustment to owners' compensation that is in excess of market compensation.

Engagement to Estimate Value: An engagement, or any part of an engagement (for example, a tax, litigation, or acquisition-related engagement), that involves determining the value of a business, business ownership interest, security, or intangible asset. Also known as *valuation service*.

Excess Operating Assets: Operating assets in excess of those needed for the normal operation of a business.

Fair Value: In valuation applications, there are two commonly used definitions for fair value: (1) For financial reporting purposes only, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. *Source:* Financial Accounting Standards Board definition in Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, as used in the context of Generally Accepted Accounting Principles (GAAP) (Effective 2008). (2) For state legal matters only, some states have laws that use the term *fair value* in shareholder and partner matters. For state legal matters only, therefore, the term may be defined by statute or case law in the particular jurisdiction.

Guideline Company Transactions Method: A method within the market approach whereby market multiples are derived from the sales of entire companies engaged in the same or similar lines of business.

Hypothetical Condition: That which is or may be contrary to what exists but is supposed for the purpose of analysis.

Incremental Income: Additional income or cash flow attributable to an entity's ownership or operation of an intangible asset being valued, as determined by a comparison of the entity's income or cash flow with the intangible asset to the entity's income or cash flow without the intangible asset. In this context, *income or cash flow* refers to an applicable measure of income or cash flow, such as license royalty income or operating cash flow before taxes and capital expenditures.

Working Capital: A working capital hurdle is a predetermined working capital amount that is assumed with the business and is included in the valuation and ultimately the purchase price of the business. The valuation price / purchase price should be adjusted up or down based on the actual working capital at closing. The adjustment is often made on a dollar-for-dollar basis. Any excess working capital would be retained by the seller upon a sale.

Pre-adjustment Value: The value arrived at prior to the application, if appropriate, of valuation discounts or premiums.

Profit Split Income: With respect to the valuation of an intangible asset of an entity, a percentage allocation of the entity's income or cash flow whereby (1) a split (or percentage) is allocated to the subject intangible and (2) the remainder is allocated to all of the entity's tangible and other intangible assets. In this context, *income or cash flow* refers to an applicable measure of income or cash flow, such as net income or operating cash flow before taxes and capital expenditures.

Relief from Royalty Method: A valuation method used to value certain intangible assets (for example, trademarks and trade names) based on the premise that the only value that a purchaser of the assets receives is the exemption from paying a royalty for its use. Application of this method usually involves estimating the fair market value of an intangible asset by quantifying the present value of the stream of market-derived royalty payments that the owner of the intangible asset is exempted from or "relieved" from paying.

Residual Income: For an entity that owns or operates an intangible asset being valued, the portion of the entity's income or cash flow remaining after subtracting a capital charge on all the entity's tangible and other intangible assets. *Income or cash flows* can refer to any appropriate measure of income or cash flow, such as net income or operating cash flow before taxes and capital expenditures.

Security: A certificate evidencing ownership or the rights to ownership in a business enterprise that (1) is represented by an instrument or by a book record or contractual agreement, (2) is of a type commonly dealt in on securities exchanges or markets or, when represented by an instrument, is commonly recognized in any area in which it is issued or dealt in as a medium for investment, and (3) either one of a class or series or, by its terms, is divisible into a class or series of shares, participations, interests, rights, or interest-bearing obligations.

Subject Interest: A business, business ownership interest, security, or intangible asset that is the subject of a valuation engagement.

Subsequent Event: An event that occurs subsequent to the valuation date.

Valuation Analyst: For purposes of this Statement, an AICPA member who performs an engagement to estimate value that culminates in the expression of a conclusion of value or a calculated value.

Valuation Assumptions: Statements or inputs utilized in the performance of an engagement to estimate value that serve as a basis for the application of valuation methods.

Valuation Engagement: An engagement to estimate value in which a valuation analyst determines an estimate of the value of a subject interest by performing appropriate valuation procedures, as outlined in the AICPA Statement on Standards for Valuation Services, and is free to apply the valuation approaches and methods he or she deems appropriate in the circumstances. The valuation analyst expresses the results of the valuation engagement as a conclusion of value, which may be either a single amount or a range.

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Residual Income: For an entity that owns or operates an intangible asset being valued, the portion of the entity's income or cash flow remaining after subtracting a capital charge on all the entity's tangible and other intangible assets. *Income or cash flows* can refer to any appropriate measure of income or cash flow, such as net income or operating cash flow before taxes and capital expenditures.

Security: A certificate evidencing ownership or the rights to ownership in a business enterprise that (1) is represented by an instrument or by a book record or contractual agreement, (2) is of a type commonly dealt in on securities exchanges or markets or, when represented by an instrument, is commonly recognized in any area in which it is issued or dealt in as a medium for investment, and (3) either one of a class or series or, by its terms, is divisible into a class or series of shares, participations, interests, rights, or interest-bearing obligations.

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The Vant Group Overview

Section 13

BBB
Torch Awards for Ethics[SM]
NORTH CENTRAL TEXAS
2018 Recipient

Business Description

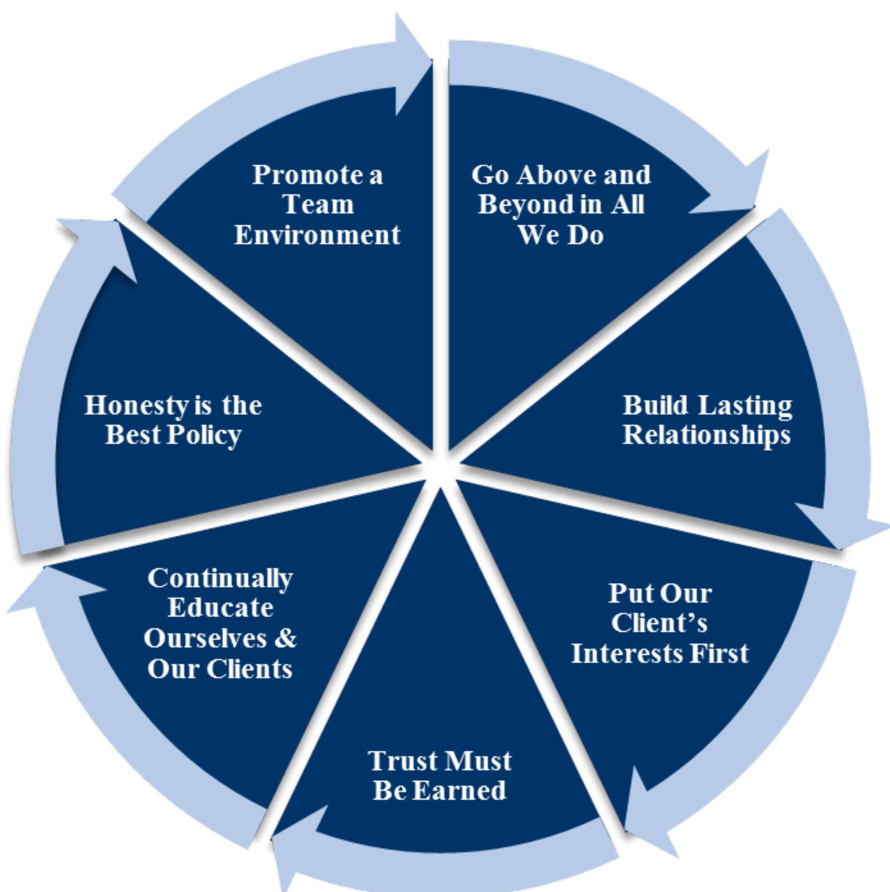
About The Vant Group

- Experienced M&A firm since 1999
- Specialize in transactions for businesses with revenues up to $100 Million
- Focused on the Southwest U.S. with a national footprint
- Motivated staff of MBAs and prior business owners
- Authority on Business Transfer having authored two books: EXIT and ENTRANCE
- Innovative Five-Point Advantage

The Vant Group's Mission

"When it comes to buying or selling a business, you can depend on the first-hand experience of The Vant Group – gained through buying and selling businesses for our own portfolio for the last 20 years. This experience coupled with 500+ business transactions provides the knowledge to assist you in every aspect of the business transfer process to obtain the outcome you desire."

Our Values



The Vant Group Team

Alex Vantarakis, *Founder*

Anthony Cullins, *Partner*

Dirk Armbrust, *Managing Director*

Dwayne Evans, *Managing Director*

David Lockey, *Managing Director*

Art Goodwin, *Managing Director*

John Kaplan, *Managing Director*

Hensay Qualah, *Associate*

David Wang, *Corporate Counsel*

Bob Dohmeyer, *SBA Valuations Banker*

s

Selected Transaction Experience

Thornhill Catering

has been acquired by

Vant Equity Group

T | V | G THE VANT GROUP

Served as the exclusive sell-side intermediary

Marketing Candy from Rose Group Companies, LP

has been acquired by

Debby Stillabower

T | V | G THE VANT GROUP

Served as the exclusive sell-side intermediary

Deep Ellum Brewing Company

Valuation Services

Dallas, TX

T | V | G THE VANT GROUP

The Vant Group provided an Opinion Letter of Value to Deep Ellum Brewing Company

Electrical Services Provider

****Name Redacted****

Valuation Services

Grand Prairie, TX

T | V | G THE VANT GROUP

The Vant Group provided an Opinion Letter of Value to electrical contracting company Kevco Electrical Inc.

All Tech, LLC

Valuation Services

McKinney, TX

T | V | G THE VANT GROUP

The Vant Group provided an Opinion Letter of Value to electrical services provider All Tech, LLC

Integrity Staffing Solutions, Inc.

Valuation Services

Tyler, TX

T | V | G THE VANT GROUP

The Vant Group provided an Opinion Letter of Value to Integrity Staffing Solutions, Inc. for two franchise locations in LA and TX

Ducon Construction, Inc. dba Southwest Lath & Plaster

has been acquired by

Kihl Holdings, LLC

T | V | G THE VANT GROUP

Served as the exclusive sell-side intermediary

Champion Life Safety Solutions, LLC

has been acquired by

Charles "Chuck" Henderson

T | V | G THE VANT GROUP

Served as the exclusive sell-side intermediary

Cantwell Power Solutions, LLC

Valuation Services

Fort Worth, TX

T | V | G THE VANT GROUP

The Vant Group provided an Opinion Letter of Value to backup power solutions provider Cantwell Power Solutions, LLC

Selected Industries Represented

Professional Services

Commercial Landscape	CPA Firm	Medical Billing	Environmental Consulting
Janitorial Services	Website Hosting	IT Services	Civil Engineering Design

Consumer Services

Call Center	Carpet Cleaning	Commercial Printer	HVAC Service
Pest Control	Therapy Practice	Glass Cleaning	Auto Services

Manufacturing

Custom Door	Custom Glass	Electronics	Aircraft Parts & Supplies
Pallet	Plastics Products	Tubular Products	Commercial Sign

Wholesale / Distribution

Building Supply	HVACR Wholesaler	Janitorial Supply	Promotional Products
Scrap Metal	Specialty Oxygen	Water Filtration	Wholesale Electrical

Construction

Concrete Foundation	Niche Construction	Pool Construction	Stone & Masonry Supply
Lathe & Plaster	Commercial Concrete	Fire Sprinkler	General Contractor

The Five Point Advantage

Seller Representation	Buyer Representation	Valuation Reports	Advisory Services	Debt Funding
"We've sold 80% of our listings vs. the industry average of 38%"	*"Our Buyer Representation goes well beyond merely deal origination"*	*"Our clients obtain 97% of their appraised price because our business valuations are built on experience"*	*"Is your business ready to be sold at the maximum value?"*	*"Growth depends on capital"*
▪ **Traditional Sale:** Synergistic Corporate Buyer or Individual Buyer; financing terms vary	▪ **Corporate Buyer:** Increase the revenue and value of an existing business through acquisition	▪ **Opinion of Value:** Basic report to gauge value	▪ **Business Health Assessment:** Is a business ready to be sold at maximum value?; Implement TVG Advantage if necessary	▪ **Buying a Business:** Up to 10%+ down payment, 10-year term, 8% interest rate
▪ **Facilitation Sale:** Buyer is identified by the seller and requires business transfer expertise	▪ **Individual Buyer:** Live the *American Dream* by becoming a business owner	▪ **Full Business Valuation:** Detailed report for exit planning, funding needs, and legal proceedings	▪ **Revenue Growth and Cost-Reduction Services:** Ultimately increasing bottom-line profit	▪ **Starting a Business:** Up to 30% down payment, 10-year term, 8% interest rate
▪ **Employee Buyout:** Up to 10% down payment, 0%-10% owner financing, 80%-90% bank financing		▪ **Accredited Business Valuation:** Specialty case valuation for certain non-standard purposes	▪ **Employee & Operational Effectiveness:** Having all employees moving in the same direction	▪ **Working / Expansion Capital:** Terms based on profitability, accounts receivable, and projected revenue
▪ **Partner Buyout:** Up to 10% down payment, 90%-100% bank financing			▪ **Project-Based & Monthly Consulting:** Guidance along the way to implement impactful strategies	▪ **Owner-Occupied Real Estate:** Up to 10% down payment, 25

The Vant Group Difference

Experienced in the Art of Business Transfer

- TVG Longevity and high number of closed transactions

Entrepreneurial Mindset

- Buying and selling for our own portfolio for over 20 years

Proactive Approach

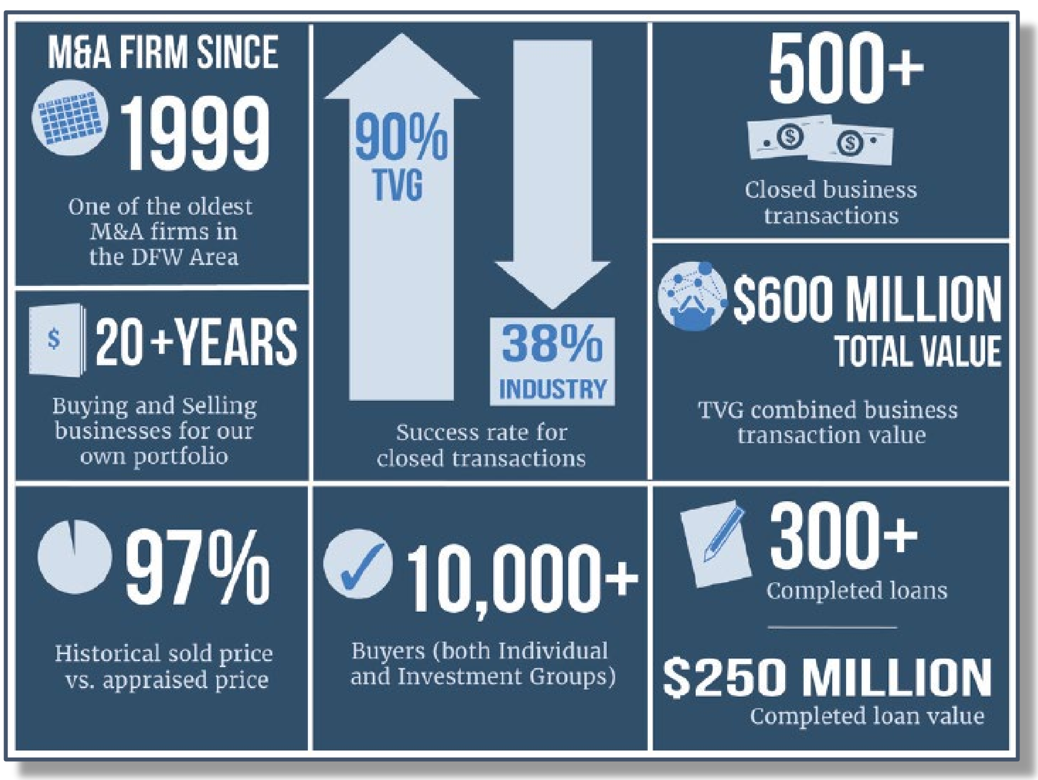
- Anticipating and eliminating “deal killers” before they happen

Proven Methodology

- Systematic approach throughout the entire process

Relationship Driven

- Extensive relationships with buyers, bankers, and professional service providers



The Vant Group

Alex Vantarakis	Telephone: (972) 458-8989 ext. 102
President	Email: Alex@thevantgroup.com
17766 Preston Road	Website: www.thevantgroup.com
Dallas, TX 75252	