










## Business Overview

### RE: Event Catering with Commercial Kitchen

## Specifications

|   |  |   |
|---|--|---|
|  Price<br>\$382,000  |  Cash Flow<br>\$129,437           |  Revenue<br>\$723,367  |
|  Down Payment<br>10%   |  Equipment<br>\$41,486            |  Multiplier<br>3.00  |
|  Employees<br>5 FT kitchen, 2 PT kitchen,<br>2 office, 2 FT packing<br>specialists, 25 PT for events |  Service Area<br>Omaha<br>Metro |  Intangible Assets<br>Established name and positive<br>reviews, website,<br>Facebook, blog,<br>LinkedIn page |



## SUMMARY OF THE BUSINESS –

For over 30 years, this upscale catering and cocktails business has shown consistent profits. Specializing in elegant and tasteful events from weddings to corporate parties, menus range from breakfast to picnic specials. With both catering and liquor licenses, the owner has begun offering cocktail-only events without food. This is a great area for growth and promises to be a fantastic revenue earner

Located in a strip mall, the company occupies 3 bays at 2,583 sq. ft., and is leased for \$1,750 per month, or

\$21,000 per year. The large space allows for the 7 kitchen staff to prepare up to 1,200 plates per day. Currently, the busy months of May and June see just 900 plates/day with the remaining months seeing 600 plates/day. This allows for easy growth by up to 50% without the need for additional space!

Aside from the kitchen staff, there are 2 office staff and 2 packing specialists, as well as 25 part-time event workers. The seller does not prepare food, but does handle billing and meeting with prospective clients, who are 60% commercial and 40% residential. Of these clients, not one makes up more than 10% of sales.

Looking to retire, the seller will finance 10% of the \$382,000 purchase price. Contributing a 10% down payment of \$38,200, a new owner could see a first year's profit of \$68,627 after debts.

## Learn More

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### Business Highlights

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- Years in Business: 30
- Location and Service Area: Omaha metro
- Demographics: clients split 60% commercial, 40% residential – no client makes up more than 10% of sales
- Capacity: ability to cater 1,200 plates-day – currently caters 900 during May/June and 600 the rest of the year
- Lease: \$1,750/month for 3 bays in a strip mall
- Reason for Selling: Retirement
- Employees: 5 FT kitchen staff, 2 PT kitchen staff, 2 office staff, 24 PT workers for events
- Growth Opportunities: Seller has started offering bar/cocktails without food and predicts easy growth by 20% in a short time by offering cocktail catering
- Current Owner's Responsibilities: Handles billing and meets with prospective clients

### Financial Highlights

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- List Price: \$382,000
- 2016 Gross Sales: \$723,367
- 2016 Cash Flow: \$129,437
- 2015 Gross Sales: \$721,589
- 2014 Gross Sales: \$674,138

- YOY Trends: Consistent 18-19% profit margin
- \$81,846 in Assets included in the purchase:
  - \$41,486 in Equipment – washer, dryer, towels, bar, slicer, fryer, portable flattop grill, 2 walk-in coolers, 2 commercial freezers, shelving, workstations, 5 ovens
  - \$40,000 in Vehicles – Ford F250 Van, Ford F150 Van, Chevy Express Van, Buick Rendezvous
  - Intangible Assets – Established name and positive reviews; website, Facebook, blog and LinkedIn page

*\*please note – inventory is purchased as needed for events*

# Cash Flow Analysis

| Description of Financial Statement                      | Tax Return | Tax Return | Tax Return | Tax Return | Notes                                       |
|---|------------|------------|------------|------------|---|
|   | 2016       | 2015       | 2014       | 2013       |   |
| <b>GROSS SALES</b>                                      | \$723,367  | \$721,589  | \$674,138  | \$618,704  |   |
| <b>Net Income Shown on Financial Statement</b>          | \$54,798   | \$66,328   | \$57,029   | \$79,363   |   |
| <b>ADDBACKS</b>   |            |            |            |            |   |
| Compensation to Owner                                   | \$21,791   | \$33,720   | \$0        | \$23,353   |   |
| 11% Tax on total W2 Salaries                            | \$2,397    | \$3,709    | \$0        | \$2,569    |   |
| Interest  | \$183      | \$2,365    | \$0        | \$3,219    | Non-onward going expense                    |
| Depreciation  | \$3,609    | \$1,230    | \$0        | \$3,895    | Non-cash item                               |
| Non-Business Telephone                                  | \$950      | \$950      | \$0        | \$950      | Personal cell phone approx. \$80/mo         |
| Insurance Premiums for Owners: Health                   | \$5,580    | \$5,580    | \$0        | \$5,580    | Owner's health insurance premium - \$465/mo |
| Catering Manager Salary                                 | \$37,196   | \$0        | \$0        | \$0        | One-time cost - position not refilled       |
| Medicare and SS Tax for Catering Manager                | \$2,933    | \$0        | \$0        | \$0        |   |
| <b>TOTAL ADDBACKS</b>                                   | \$74,639   | \$47,554   | \$0        | \$39,566   |   |
| <b>Seller's Cash Flow = Total Addbacks + Net Income</b> | \$129,437  | \$113,882  | \$57,029   | \$118,929  |   |
| Profit Margin   | 17.89 %    | 15.78 %    | 8.46 %     | 19.21 %    |   |

- Consistent 18-19% profit margins
- 14% increase in sales from 2013 to 2017

## Services

- Corporate catering
  - Box breakfasts and lunches
  - Retirement parties
  - Corporate picnics
- Social catering
  - Wedding
  - Birthdays

- Cocktails
- Pop up Happy Hour
- Event and menu planning
- Event coordination
- China, linens and stemware
- Beverage services
- Custom menu options

## Employees

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- 5 FT kitchen staff
  - Includes Head Chef and Assistant Chef
    - Handle vendor orders
- 2 PT kitchen staff
- 2 office staff
- 2 FT packing specialists
- 25 PT workers for events
- Seller **DOES NOT** do cooking, but instead handles billing and meets with clients

## Clients

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- Clients are 60% commercial and 40% residential
- Commercial events are generally held during the week, with most social events catered on the weekends
- Capacity for 1,200 plates/day
  - Currently handles 900 plates/day during the peak season with the rest of the year averaging 600 plates/day
  - **Based on this, a new owner could easily double by working to full capacity – lots of growth capacity without having to buy anything new!**
- Contracts
  - Only catering vendor for a national funeral network with 6 locations in the Omaha metro
    - 2<sup>nd</sup> year of contract with this provider

- Preferred catering service for 24 venues in town, from museums and galleries to event and recreation centers
- Social events catering peaks during the summer, with commercial events more common throughout the rest of the year

## Assets

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- \$41,486 in Equipment
  - Washer & dryer
  - Towls
  - Bar
  - Slicer
  - Fryer
  - Portable flattop grill
  - 2 walk-in coolers, 2 commercial freezers
  - Shelving
  - Workstations
  - 5 ovens
- \$40,000 in Vehicles
  - Ford F250 Van
  - Ford F150 Van
  - Chevy Express Van
  - Buick Rendezvous

*\*please note - inventory is purchased as needed for events*

## Valuation Details

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

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

**Cash Flow** is the sum of net income plus any owner perks and non-onward going expenses.

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

The Cash Flow for 2016 is \$129,437. The prescribed multiplier is 3.

With this information, the computation result follows:

$$\$129,437 \quad \times \quad 3 \quad = \quad \$388,311$$

The List Price for the business is set at \$382,000.

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

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

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

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