

Deal Summary

Asking Price:	\$3,200,000	Listing ID:	DTKG
Down Payment:	\$800,000	Company Type:	Barber Trade School
FF&E:	\$173,276*	Location:	Dallas - Fort Worth Area
Inventory:	\$18,420*	Adjusted EBITDA:	\$844,993
Total Assets:	\$191,696*	Adjusted EBITDA is defined as EBITDA + Owner's Salary + One-time and Discretionary expenses	

* Represents the book value of the company's assets as of June 30, 2016 from its audited balance sheet. Actual market value of assets may vary from book value and both values may change in the future.

Terms

Included within the \$3,200,000 asking price is \$400,000 in cash.

With a down payment of \$800,000 (25%), third party SBA/bank financing may be available for the remaining balance over 10 years for a well-qualified buyer with a requisite background. While final loan payment will depend of the loan amount, loan fees, interest rate and length of loan; we estimate loan payments to be approximately \$27,500 a month or \$330,000 per year. All notes will be personally guaranteed.

Legal Organization

Type of Corporation: LLC
 Fiscal Year: June 30th
 NAICS Code: 611511
 Accounting Method: Accrual

Top Things to Know About This Business

- The license/accreditation is in the name of the LLC; thus, buyer must purchase the LLC interest.
- Books are audited annually by a third-party accounting firm and school uses a third-party servicing company to reconcile/verify all federal funds were properly used and accounted for each month.
- On average, school has produced Adjusted EBITDA margins of 50% for the last three years.
- School is able to offer financial aid assistance to students through the Department of Education which allows for recurring revenue and guarantee payments as well as minimize bad debt.
- Located within steps of a Dart rail station, students have easy access from across DFW
- School offers Class A student barber certifications as well as barber instructor certifications.
- Tuition is set by the school and not limited by the state, accreditation or Department of Education.
- **Seller is in the process of securing an additional accreditation within the entity to allow the company to expand into other trades including, medical assistant, welding, plumbing, etc.**

Business Activity

Founded in 2011, the accredited barber school provides premier education to students who are seeking their Class A barber license as well as barbers seeking their instructor license. With limited advertising, the school has grown its student base to 90 students and offers continuous enrollment with new classes/courses starting weekly. The barber school is located within walking distance of a Dart light rail which gives the school a competitive advantage as they are able to pull students from across the DFW Metroplex that may not have transportation. Furthermore, the school is able to offer financial aid through the Department of Education. Current owner oversees general administrative duties including the monitoring of students' title IV credit balance and maintenance of working capital. Additionally, owner oversees human resources related matters. All accounting and finance functions are executed by the CFO who will stay with the company post-sale. Each course lasts for 12 months and tuition and fees are approximately \$18,000 per student. The school has strong graduation and placement rates.

Key Strengths

- 1) Well established reputation.
- 2) Helpful, well-informed staff to interact with diverse customer base.
- 3) Very experienced labor force / cross trained in related work.
- 4) Located within walking distance of a Dart rail stop, school is very accessible to students.
- 5) Receives direct deposit funding from Department of Education.

Possible Weaknesses

- 1) Owner has interests in other endeavors and hasn't dedicated 100% of her time to the school.
- 2) No centralized software system.
- 3) Limited marketing initiatives.
- 4) Company needs better time management of production process
- 5) New federal regulation that will change the funding model to performance-based (the regulation is being challenged in court by a lobbying firm for the trade – also see attached information regarding a recent deferment of those rules by the Trump Administration.)

Marketing Strategy

There is no active on-going marketing strategy other than a small amount of advertising and word-of-mouth advertising. The development of a new marketing strategy may benefit revenue growth. The development of additional educational offerings (such as plumbing, welding, etc.) offers the school great growth prospects beyond the trade of barbering.

History

The Company was started in 2011 by the current owner. The business has been in its present location since the inception.

Days and Hours:

Sunday – Monday: Closed
 Tuesday – Friday: 10:00am – 5:30pm
 Saturday: 9:00am – 4:00pm

Sales and Adjusted EBITDA

Fiscal Year End	Revenue	Adjusted EBITDA	As a % of Sales
2017	\$1,931,095	\$844,993	35.3%
2016	\$1,995,138	\$1,160,108	58.1%
2015	\$1,248,863	\$772,073	61.8%
2014	\$273,328	\$104,668	38.3%

** All adjustments to EBITDA were provided by seller*

Employees

The Company has a total of 14 full-time and one part-time employee. The key employee is the CFO who handles the bookkeeping functions as well as ensuring, internally, the school follows the federal guidelines with respect to handling the financial aid funds. Furthermore, when the owner is absence, the CFO handles operations and is the go to person for staff and students making her a de facto COO as well. She wants to stay with the business post-sale.

Assets and Liabilities

As of June 30, 2016, the last annual audited financials, company had an asset list value of furniture, fixtures and equipment of \$173,276 as well as an inventory value of \$18,420. Market value may vary from book value and both values may change in the future. A full list of assets can be obtained upon request.

In addition to the furniture, fixtures and equipment as well as inventory, seller will convey with sale \$400,000 in cash to buyer. All cash and accounts receivables beyond this threshold will be retained by the seller.

Facilities

The business occupies a 7,900 sq ft building and pays \$7,215 per month. Additionally, seller splits the real estate insurance and taxes with lessor and pays utilities. The lease is currently month-to-month. Lessor is willing to offer a long-term lease to buyer or buyer can relocate the business. Current location is near public transportation which allows easy access for students.

Support and Training

The Owner genuinely desires a seamless transition to the buyer and will train a buyer for 30 days. An additional consulting contract can be obtained. Per SBA guidelines, seller may remain with the business as an independent contractor consultant up to 12 months post-closing but cannot be an employee during this time.

Reason for Selling

The owner wishes to pursue other interests, including full-time ministry.

CORPORATE/INVESTMENT GROUP CONFIDENTIALITY AGREEMENT

Barber Trade School Sale Price & Down Payment: \$3,200,000

1. For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned ("The Recipient") enters into this Confidentiality Agreement with and for the benefit of The Vant Group ("the Broker").
2. The Broker has attached hereto or has provided or may subsequently provide to the Recipient in connection herewith certain technical, financial, and/or business information (collectively the "Information") regarding the Company (as above designated) to facilitate an evaluation by the Recipient whether to acquire the Company or stock or assets thereof. The Recipient acknowledges that the Information is highly confidential and proprietary to the Company.
3. The Recipient shall not at any time, without prior written consent of the Company, furnish, copy, reproduce or distribute, in whole or in part, directly or indirectly, the Information to anyone, except Recipient's financial advisors and investors, who may be furnished with the Information for the sole purpose of advising the Recipient as to the structure of any proposed purchase of the Company (or its stock or assets), and it will keep permanently confidential the Information and will use the Information only for the purpose set forth above. The Recipient shall be under no obligation to maintain as confidential any information which (a) Recipient can show by legally sufficient written evidence was in its possession prior to disclosure by the Broker and/or the Company; or (b) becomes generally available to the public in tangible form other than by acts or omissions of Recipient; or (c) is lawfully obtained from a third party. The Recipient shall not contact the Company to discuss the sale or purchase of the Company or the Information without prior written consent of the Broker.
4. The Recipient hereby indemnifies and holds harmless the Broker, and its agents, representatives, employees and attorneys, from and against any and all claims, liabilities, actions, causes of action and damages, arising from or relating to any injury or loss arising out of, from, or attributed to the transactions or matters subject hereof, or the actions, omissions, wrongful conduct or other breach of this Confidentiality Agreement by Recipient, which indemnification shall include, without limitation, reimbursement of attorney's fees and expenses incurred by the Broker in connection herewith.
5. The Recipient shall not enter into any agreement for the purchase of the Company or its stock or assets unless said agreement contains a provision wherein the parties thereto acknowledge that the Broker is the procuring cause of such agreement and the Broker is entitled to a broker's commission as agreed upon by the Company and the Broker.
6. While the Information is believed to be accurate, it is subject to change, error or withdrawal of offering, without notice. The Company and the Broker expressly disclaim any and all liability for representations or warranties, expressed or implied, contained in the Information, or, for omissions from it. The Company reserves the right to require the return of the Information at any time.
7. A facsimile transmission of this document is legal and binding.
8. The Recipient warrants that the undersigned is a duly authorized by the company to enter into binding legal contracts on its behalf.
9. This Agreement contains the entire agreement between the parties hereto with regard to the subject matter hereof. If one or more of the provisions contained herein shall be held to be invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect. This Agreement shall be binding upon the parties' heirs, successors and assigns, where permitted. This Agreement may not be assigned by the Recipient without the prior written consent of the Broker. No ambiguity herein shall be resolved presumptively against any party. This Agreement shall be construed in accordance with the laws of the State of Texas, and the obligations of the parties are performable in Dallas, County, State of Texas, where venue shall lie for any actions brought hereunder.

RECIPIENT:

Company Name

Signature

Print Name

Date: _____

Street

City State Zip

Phone

Fax