



Underwriting Services

SMALL BUSINESS ACQUISITION ANALYSIS

What we do

Downer Heritage Capital underwrites small, owner-operated businesses for buyers, lenders and investors. We turn tax returns and basic financials into a clear view of what a business earns, what it is worth, and how a deal can be structured.

Earnings analysis

Multi-year review of Schedule C and business tax filings. Net profit, owner add-backs and Seller's Discretionary Earnings (SDE).

Indicative valuation

Value ranges built on SDE multiples for comparable small businesses, cross-checked against revenue multiples.

Deal structure

Purchase price allocation across buyer cash, senior or SBA debt and seller financing, including earnout terms.

Letter of intent

Non-binding LOI drafts that set price, payment structure, diligence scope, exclusivity and confidentiality.

Diligence checklist

A focused list of what to verify before closing: asset registers, liens, customer concentration, permits and repair costs.

How it works

01

Intake

You send the tax returns and any financials available. Nothing else is needed to start.

02

Underwrite

We normalize earnings, calculate SDE and test the numbers against industry benchmarks.

03

Report

A written investor report with indicative value range, risks and open questions.

04

Structure

We model the purchase price, financing mix and earnout, then draft the LOI.

SAMPLE WORK INCLUDED

Investor Report (11 pages)

Letter of Intent (3 pages)



SAMPLE WORK

Investor Report

A full written underwriting report for a small waste and roll-off container business: earnings, indicative value range, risks and diligence items.

Business identity removed.

INVESTOR REPORT

The Company

Sole Proprietorship — Waste / Roll-Off Container Services

Proprietor: [REDACTED]

EIN: [REDACTED] | Business Code: 562000

2025 Revenue	2025 Net Profit	3-Yr Avg Net Profit	Indicative Value Range
\$371,973	\$52,837	~\$45,900	\$150k–\$300k

Report Date: August 30, 2026

Data Source: IRS Schedule C (Form 1040) — Tax Years 2023, 2024, 2025

This report is prepared solely from publicly provided tax-return extracts. It does not constitute an appraisal, formal valuation, or investment recommendation. Independent due diligence is required.

1. Executive Summary

The Company is a cash-basis sole proprietorship operated by [REDACTED] that provides roll-off / container and related waste-hauling services. The business generates approximately \$370k–\$420k in annual gross receipts with reported net profits in the \$32k–\$53k range over the three most recent tax years.

Revenue has declined steadily from \$419k (2023) to \$372k (2025). Profitability recovered in 2025 after a softer 2024, aided by lower wage expense and controlled operating costs. The cost structure is dominated by landfill/disposal fees, fuel, wages, repairs & maintenance, and insurance—typical for an asset-intensive container and hauling operation.

Indicative enterprise value: \$150,000 – \$300,000 (midpoint approximately \$180,000–\$220,000), based primarily on 2.5×–4.5× Seller's Discretionary Earnings (SDE) benchmarks for small owner-operated dumpster/roll-off businesses, cross-checked against revenue multiples. Actual value will depend heavily on the condition and ownership of the truck and container fleet, customer mix, local market dynamics, and transferability of operations.

2. Business Overview

Legal Form	Sole Proprietorship
Proprietor	[REDACTED]
Business Name	The Company
Principal Activity	Waste collection / container services (Code 562000)
Accounting Method	Cash
Material Participation	Yes (all years reviewed)
Employer ID (EIN)	[REDACTED]
Form 1099 Payments	None reported as requiring Form 1099

The expense profile (high landfill fees, fuel charges, vehicle-related costs, and container-related activity) is consistent with a roll-off dumpster rental and hauling operation serving construction, demolition, clean-out, and commercial customers.

3. Historical Financial Performance

3.1 Income Statement Summary (Schedule C)

Line Item	2023	2024	2025	YoY '24-'25
Gross receipts / sales	419,292	396,841	371,973	-6.3%
Returns & allowances	0	0	0	—
Cost of goods sold	0	0	0	—
Gross profit	419,292	396,841	371,973	-6.3%
Other income	0	0	0	—
Gross income	419,292	396,841	371,973	-6.3%
Total expenses (before home office)	363,600	364,546	319,136	-12.5%
Home office / other (Line 30)	3,273	0	0	—

Net profit (loss)	52,419	32,295	52,837	+63.6%
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Note: 2023 total expenses before home office derived from reported net profit + home-office amount. All figures taken directly from Schedule C filings.

3.2 Selected Expense Detail

Expense Category	2023	2024	2025
Car & truck expenses	5,563	6,427	6,624
Depreciation & Sec. 179	25,235	4,222	3,728
Insurance (non-health)	16,793	14,073	16,872
Interest (mortgage + other)	3,168	589	0
Legal & professional	1,800	2,025	1,900
Office expense	347	2,468	1,363
Repairs & maintenance	47,462	56,392	59,820
Taxes & licenses	7,699	12,204	10,537
Utilities	1,339	5,402	5,793
Wages	41,425	61,691	38,220
Other expenses (Part V total)	210,369	191,558	174,279

3.3 Composition of “Other Expenses” (Part V)

Description	2023	2024	2025
Telephone	6,328	1,851	1,992
Landfill fees	85,833	66,127	82,167
Fuel charges	113,353	112,077	77,100
Toll fees	316	840	1,965
Internet / Spectrum	4,539	4,917	5,402
Cellphone	—	5,746	5,653
Total Other Expenses	210,369	191,558	174,279

Landfill fees and fuel together represent the two largest variable cost categories and are highly sensitive to disposal rates and diesel prices. Fuel expense declined meaningfully in 2025, contributing to the recovery in reported net profit.

4. Key Performance Indicators & Trends

Metric	2023	2024	2025	Trend
Revenue growth (YoY)	—	−5.4%	−6.3%	Declining
Net profit margin	12.5%	8.1%	14.2%	Recovered
Wages as % of revenue	9.9%	15.5%	10.3%	Volatile
Fuel + Landfill as % of rev.	47.5%	44.9%	42.8%	Improving
Repairs & maint. as % of rev.	11.3%	14.2%	16.1%	Rising

Revenue contraction of roughly 11% over two years is the primary concern. Margin recovery in 2025 was driven by lower fuel costs and reduced wage expense rather than top-line growth. Rising repairs & maintenance as a percentage of revenue may signal aging equipment that will require future capital expenditure.

5. Valuation Analysis

5.1 Earnings Base (SDE Approximation)

Seller's Discretionary Earnings (SDE) is the standard metric for owner-operated businesses of this size. $SDE \approx \text{Net Profit} + \text{Depreciation} + \text{Interest} + \text{non-recurring or personal expenses run through the business}$. Because this is a sole proprietorship, the reported net profit already represents the primary economic benefit to the owner (no separate owner salary line appears on Schedule C).

Component	2023	2024	2025
Net profit (Line 31)	52,419	32,295	52,837
+ Depreciation (Line 13)	25,235	4,222	3,728
+ Interest (approx.)	3,168	589	0
Approximate SDE	80,822	37,106	56,565

Three-year average approximate SDE $\approx$ \$58,000. Recent-year (2024–2025) average is lower ($\sim$ \$47,000) because 2023 benefited from elevated depreciation. A normalized, sustainable SDE in the \$45,000–\$55,000 range is a reasonable working assumption for valuation purposes.

5.2 Valuation Methodology

Three complementary approaches are commonly applied to small, owner-operated service businesses such as the Company. The primary method is an earnings multiple applied to Seller's Discretionary Earnings (SDE).

Secondary checks use revenue multiples and, where data permits, an asset-based floor. Because no balance sheet or equipment appraisal was provided, the asset approach is noted only qualitatively.

Approach	When Used	Application Here
SDE Multiple	Owner-operated businesses under $\sim$ \$1–2M revenue; most common for main-street deals	Primary method. Normalized SDE $\times$ 2.5 $\times$ –4.5 $\times$ industry range for dumpster/roll-off
Revenue Multiple	Secondary cross-check; useful when margins are stable or assets are opaque	0.5 $\times$ –0.8 $\times$ of recent average revenue ($\sim$ \$380k) as supporting range
Asset / Equipment Floor	Asset-heavy businesses (trucks, containers); sets a liquidation-style lower bound	Not quantified — requires fleet & container appraisal. Likely material given high repair activity
EBITDA Multiple	Larger, managed operations with professional infrastructure (\$1M+ earnings)	Not applicable — this is an owner-operator scale business

Normalization notes: SDE starts from reported net profit and adds back non-cash charges (depreciation) and interest. No owner salary add-back is required beyond the net profit itself because the business is a sole proprietorship. One-time or personal expenses, if identified in due diligence, would further increase SDE. The 2023 figure is elevated by high depreciation; 2024–2025 form a more representative recent base.

5.3 Market Multiples (Owner-Operated Dumpster / Roll-Off)

Current private-market guidance for small dumpster rental and roll-off / C&D; hauling businesses (typically under \$1–2 M revenue and owner-operated) centers on SDE multiples of approximately 2.5 $\times$ –4.5 $\times$, with 3.0 $\times$ –3.5 $\times$ common for average-quality operations. Revenue multiples of 0.5 $\times$ –1.0 $\times$ are used as a secondary check. Larger, managed

platforms command higher EBITDA multiples (4×–7×+), but those benchmarks are not applicable here. Multiples at the higher end of the range typically require transferable systems, recurring commercial accounts, modern equipment, and limited owner dependence.

5.4 Indicative Valuation Range

Method	Base	Multiple	Implied Value
SDE (conservative)	~\$50,000	2.5× – 3.0×	\$125,000 – \$150,000
SDE (base / midpoint)	~\$50,000–\$55,000	3.0× – 3.5×	\$150,000 – \$193,000
SDE (optimistic)	~\$55,000	3.5× – 4.5×	\$193,000 – \$248,000
Revenue multiple	~\$380,000 avg.	0.5× – 0.8×	\$190,000 – \$304,000

Summary indicative range for the operating business (enterprise value): \$150,000 – \$300,000. A realistic midpoint for an arm's-length sale of the going concern is approximately \$180,000–\$220,000, subject to the quality and ownership of tangible assets (trucks and containers), which can add meaningful value or serve as a floor.

6. SWOT Analysis

The following SWOT analysis synthesizes the financial results, cost structure, and industry context visible from the Schedule C filings.

STRENGTHS	WEAKNESSES
- Consistently profitable across all three years reviewed (net profit \$32k–\$53k). - Cash-basis accounting with positive cash generation; no visible COGS burden. 2025 margin recovery to ~14% net, aided by lower fuel and wage costs. - Essential-service positioning (waste/container) with relatively sticky local demand. - Material participation by owner supports operational knowledge and control. - Asset-intensive model (containers/trucks) can provide tangible value floor.	- Multi-year revenue decline (~11% cumulative from 2023 to 2025). - High owner dependence typical of sole proprietorship; limited management depth. - Elevated and rising repairs & maintenance as % of revenue (possible aging fleet). - Cost structure heavily exposed to fuel prices and landfill/disposal rates (~43% of 2025 revenue). - Thin absolute earnings base limits scale efficiencies and buyer pool. - Incomplete visibility (no balance sheet, fleet list, customer data, or contracts provided).
OPPORTUNITIES	THREATS
- Add recurring commercial or municipal contracts to stabilize and grow top line. - Expand service mix (e.g., junk removal, portable toilets, or recycling) using existing fleet. - Geographic densification or tuck-in acquisitions of smaller local operators. - Improve pricing power or pass-through mechanisms for disposal and fuel costs. - Professionalize systems (dispatch, CRM, route optimization) to reduce key-person risk and raise multiples. - Industry consolidation: strategic buyers and PE platforms remain active in roll-off/waste.	- Continued construction slowdown or local economic weakness reducing C&D; demand. - Rising diesel prices or landfill tipping fees compressing already modest margins. - Intensifying competition from larger regional haulers or national consolidators. - Regulatory or environmental compliance costs (permits, emissions, safety). - Customer concentration risk (unknown) or loss of key accounts upon ownership transition. - Capital requirements for fleet replacement if equipment is aging.

Internal factors (Strengths / Weaknesses) are drawn primarily from the three-year Schedule C results. External factors (Opportunities / Threats) reflect typical dynamics in the roll-off and small-scale waste-hauling sector.

7. Key Risks & Investment Considerations

Risk Factors

- **Declining revenue trend** — Gross receipts have fallen for two consecutive years. Continued contraction would pressure both earnings and valuation multiples.
- **Owner dependence** — As a sole proprietorship with no visible management layer, the business's value is highly sensitive to the proprietor's continued involvement and the transferability of customer relationships.
- **Commodity & disposal cost exposure** — Fuel and landfill fees constitute a large share of costs. Sharp increases in diesel or tipping fees can rapidly erode margins.
- **Equipment age / capex** — Rising repairs & maintenance relative to revenue may indicate an aging fleet that will require near-term capital investment.
- **Limited financial transparency** — Only Schedule C extracts are available. No balance sheet, debt schedule, equipment list, customer concentration data, or contracts have been reviewed.
- **Cyclical exposure** — Roll-off / C&D; demand is correlated with local construction and renovation activity.

Value-Enhancing Factors (if present)

- Owned, well-maintained trucks and a substantial container inventory (asset value can support or exceed earnings-based value).
- Recurring commercial or contractor accounts with low concentration risk.
- Favorable or contracted disposal arrangements.
- Documented operating systems that reduce key-person risk.
- Clean regulatory / environmental compliance history.

8. Digital Presence & Marketing Opportunity

The Schedule C filings show no advertising expense in any of the three years reviewed (Line 8 is blank). Combined with the explicit allocation of working capital toward a web presence in the proposed funding structure, this indicates that the Company currently operates with little or no formal digital marketing footprint. For a local roll-off and container business, that gap is both a risk and a near-term value-creation opportunity.

8.1 Current State (Inferred)

- No reported advertising spend across 2023–2025.
- Customer acquisition appears to rely primarily on existing relationships, referrals, and possibly offline channels (signage, word-of-mouth, contractor networks).
- No evidence of a maintained website, Google Business Profile optimization, or active social-media lead generation in the financials.
- In a local service category where customers frequently search “dumpster rental near me” or “roll-off container [city],” the absence of a digital presence likely constrains new-customer flow and utilization of the container fleet.

8.2 Why Digital Presence Matters for This Business

Roll-off and dumpster rental demand is highly local and often time-sensitive (construction clean-outs, roofing jobs, residential renovations). Buyers in this category increasingly start with an online search. A basic but professional digital presence typically delivers:

- **Higher container utilization** — More inbound leads fill idle or newly repaired dumpsters faster.

- **Improved pricing power** — Online visibility supports rate cards and reduces pure price-based competition.
- **Reduced owner dependence** — A website and simple CRM can capture leads even when the owner is on a job.
- **Support for the \$50k capacity investment** — Repairing the first half of idle dumpsters only creates value if demand exists to place them; digital channels help generate that demand before Phase 3 (fourth truck and remaining units).
- **Multiple expansion** — Buyers and lenders view documented marketing systems and a transferable online presence as de-risking factors that can support higher SDE multiples.

8.3 Recommended Near-Term Digital Build-Out

The ~\$15,000 marketing/working-capital slice of the proposed funding structure is sufficient for a practical, high-ROI starter package. Priority sequence:

Initiative	Est. Cost	Expected Outcome
Google Business Profile + local SEO setup	\$3,000–\$6,000	Visibility in “near me” searches and Google Maps
Professional website (mobile-first) with online quote request	\$500–\$1,500	24/7 lead capture; service-area SEO foundation
Basic paid search / Local Services Ads test budget	\$2,000–\$4,000	Immediate inbound calls while organic rankings build
Simple CRM / job-tracking (e.g., Jobber, Housecall Pro, or similar)	\$1,000–\$2,000 setup + monthly	Lead tracking, follow-up, and reduced owner dependence
Social proof (reviews, photo gallery of jobs, Facebook/Instagram presence)	\$500–\$1,500	Trust signals that convert searchers into customers
Total starter package	~\$8,000–\$15,000	Fits within proposed working-capital allocation

Execution priority should be: (1) Google Business Profile and a simple conversion-focused website, (2) review generation from existing customers, (3) modest paid search to fill the newly repaired containers while organic traffic develops. Social media (Facebook, Instagram, Nextdoor) is secondary but useful for local awareness and before/after job photos that support trust.

8.4 Link to Valuation and Funding Thesis

A functional digital presence does not by itself change the earnings multiple, but it supports the investment thesis in three ways: it improves the odds that the Phase 1 dumpster-repair outlay translates into higher revenue before later fleet restoration; it reduces key-person risk by creating a transferable lead-generation system; and it gives future buyers or lenders visible evidence of modern operating practices. In short, the modest marketing allocation is a high-leverage complement to the physical capacity restoration funded at closing.

9. Proposed Funding Structure

The following capital structure is presented as an illustrative acquisition financing approach anchored to \$125,000 at close plus contingent seller earnout. It combines modest buyer equity, senior bank debt, and earnout-based seller financing, while injecting working capital to restore idle equipment and support growth.

9.1 Sources of Funds

Source	Amount	Provider / Terms
Buyer cash down payment	\$25,000	Buyer equity / skin in the game
Senior bank note	\$100,000	Bank / SBA; illustrative 8–10% rate

Seller financing (earnout)	\$75k–\$225k	50% of net profit after senior bank debt service for 3 years; min \$75,000, max \$225,000
Total Capitalization	\$200k–\$350k	\$125k at close + contingent seller earnout

9.2 Uses of Funds (Post-Close)

Use	Amount	Detail
Cash / consideration to Seller	\$50,000	Immediate cash at closing (from bank proceeds)
Seller financing (earnout)	\$75k–\$225k	50% of net profit after senior bank debt service for 3 years; min \$75k, max \$225k
Buyer down payment (to Seller)	\$25,000	Buyer equity paid at closing
Subtotal to Seller	\$150k–\$300k	\$75k at close + contingent earnout
Repair ~15 dumpsters (Phase 1)	\$15,000	Half of non-operational units; new floors @ ~\$1,000 each
Deferred maintenance (active fleet)	~\$10,000	Keep existing trucks/containers reliable (Phase 2)
Working capital & marketing	~\$25,000	Cash buffer + Google/social ads + web presence; Phase 3 truck/dumpsters later from ops cash
Subtotal retained in Business	\$50,000	Funded from excess bank loan proceeds
Total Uses (at close + earnout range)	\$200k–\$350k	\$125k at close + \$75k–\$225k earnout

9.3 Debt Service Coverage Illustration

Using a normalized annual cash-flow / SDE base of approximately \$45,000–\$55,000 and an illustrative \$100,000 senior bank note at 8–10% interest (typical 7–10 year amortization), annual bank debt service is estimated in the \$22,000–\$28,000 range. This produces a preliminary DSCR of roughly 1.6×–2.5× before seller-note payments. The tighter 1.31–1.37 DSCR range cited in the proposal reflects more conservative cash-flow assumptions and/or inclusion of the seller note in the coverage calculation. A DSCR above 1.25× is generally the minimum threshold most lenders require; 1.31–1.37× is workable but leaves limited cushion.

9.4 Strategic Rationale for the Working-Capital Allocation

The \$50,000 retained in the business is deliberately directed at capacity constraints visible in the operating profile:

- **~15 dumpsters in Phase 1 (\$15k)** — Returning half of the idle units to circulation immediately increases the number of containers that can be placed on job sites, the primary revenue driver in a roll-off model.
- **Deferred maintenance on the active fleet (~\$10k)** — Keeps existing trucks and containers reliable so volume can ramp without the current fleet becoming the bottleneck.
- **Working capital + digital presence (~\$25k)** — Cash buffer, Google/social advertising, and web presence to drive demand into the newly repaired containers; the fourth truck and remaining dumpsters are deferred to Phase 3 and funded from operating cash flow once utilization is proven.

Because repairs & maintenance already represent a rising share of revenue (reaching 16% in 2025), proactively restoring underutilized equipment in phases is intended to convert existing asset value into incremental revenue rather than simply sustaining the current cost base — while protecting cash flow for debt service.

9.5 Key Considerations for This Structure

- Seller remains partially exposed for 3 years via earnout equal to 50% of net profit after senior bank debt service (minimum \$75,000, maximum \$225,000), subordinated to the bank.
- Buyer equity is limited to \$25k; the majority of risk is borne by the bank and the seller.

- Success of the structure depends on Phase 1 dumpster repairs and digital demand generation producing incremental revenue quickly enough to support both the bank note and the seller note; the fourth truck follows in Phase 3 once utilization is proven.
- The \$250k total capitalization sits at the upper end of the earlier indicative valuation range (\$150–300k) and assumes the capacity restoration will support that price.
- Lenders will typically require personal guarantees, a first lien on business assets, and confirmation that the equipment being repaired is free of prior liens.

10. Post-Acquisition Business Plan

Following closing, the Company's assets, customer relationships, and operating capacity will be consolidated into a previously established demolition and junk-removal company already owned or controlled by the buyer. The combined platform will operate as an integrated demolition, junk-removal, and roll-off container service, capturing more of the job-site value chain and improving asset utilization. The plan below prioritizes rapid capacity restoration, disciplined deferred maintenance, and digital demand generation.

10.1 Strategic Rationale for Consolidation

- **Vertical integration** — Demolition and junk-removal jobs naturally generate debris that requires containers and hauling. Owning both the labor/service side and the container fleet captures margin that would otherwise leak to third-party dumpster providers.
- **Shared overhead** — Dispatch, insurance, yard space, administrative staff, and marketing can be leveraged across both businesses, improving overall contribution margins.
- **Cross-selling** — Existing demolition/junk customers become a ready channel for container rentals; container customers become a channel for clean-out and hauling services.
- **Risk diversification** — Combining project-based demolition/junk work with container rental revenue smooths seasonality and construction-cycle exposure.
- **Buyer readiness** — Because the receiving company is already established, systems, insurance, and operational infrastructure are in place on day one, reducing transition risk and accelerating the impact of the equipment repairs.

10.2 Phased Equipment Restoration Plan

Not all idle assets will be returned to service at once. The plan phases repairs to match available working capital, cash-flow capacity, and the pace at which new demand can be generated through advertising and cross-selling.

Phase	Action	Est. Cost	Timing
Phase 1 (At / immediately post-close)	Repair approximately half of the non-operational dumpsters (new floors / structural work) — ~15 units @ ~\$1,000 each	~\$15,000	Days 1–45
Phase 2 (Months 2–6)	Fund deferred maintenance on the active fleet (brakes, hydraulics, tarps, minor body, preventive service) so existing trucks and containers stay reliable while volume ramps	~\$8,000–\$12,000	Ongoing
Phase 3 (Months 4–12, as cash flow allows)	Repair the fourth (non-functioning) truck so it can return to revenue service	~\$5,000	As needed
Phase 3 (Months 4–12, as cash flow allows)	Repair the remaining non-operational dumpsters and return them to circulation as demand and utilization justify the spend	~\$15,000	As needed

Phase 1 (half of the idle dumpsters) is funded primarily from the \$50,000 working-capital allocation at closing. Phase 2 (deferred maintenance) is treated as a standing operating priority so that the trucks and containers already in service do not become the next bottleneck. Phase 3 — including the fourth truck and the remaining dumpsters — is deliberately gated behind demonstrated utilization and cash generation, avoiding the trap of restoring the full idle fleet before demand exists.

10.3 Demand Generation: Google & Social Media Advertising

Equipment capacity only creates value if it is utilized. Concurrent with the Phase 1 repairs, the combined company will invest in paid digital acquisition to fill both the newly restored containers and the existing demolition/junk-removal pipeline.

Channel	Focus	Role
Google Search / Local Services Ads	"Dumpster rental near me," "roll-off container [city]," "junk removal," "demolition debris haul-away"	Primary high-intent lead source; captures customers already searching for the service
Google Business Profile + Local SEO	Maps visibility, reviews, service-area pages for both brands under the combined platform	Organic and map-pack presence that compounds over time
Facebook / Instagram Ads	Local awareness, before/after job content, seasonal promotions, retargeting of website visitors	Broader reach and remarketing; supports brand and trust for both demolition and container services
Nextdoor / local community platforms	Residential clean-outs, estate clean-outs, small renovation jobs	Hyper-local residential demand that feeds both junk removal and container rental

Initial advertising spend will be drawn from the marketing portion of the closing working-capital allocation and then sustained from operating cash flow as the combined business scales. Budgets will be managed against cost-per-lead and cost-per-job targets so that spend expands only when unit economics remain healthy. Cross-promotion between the demolition/junk brand and the container brand will be built into all campaigns and landing pages.

10.4 90-Day and 12-Month Operating Priorities

Horizon	Priorities
First 90 days	• Legal and operational consolidation of the Company's assets into the existing demolition/junk-removal entity • Complete Phase 1 repairs (~15 dumpsters) • Launch Google Business Profile optimization and core website/landing pages for the combined offer • Begin Google Search / Local Services Ads with modest daily budgets • Establish joint dispatch and job-tracking so container and demolition crews share visibility • Begin deferred-maintenance program on the active fleet
Months 4–12	• Scale paid search and social spend against proven cost-per-job metrics • Expand social content (job photos, reviews, seasonal offers) to support both service lines • Repair the fourth truck and remaining dumpsters only as utilization of Phase 1 units approaches target levels • Cross-sell container rentals into every qualifying demolition/junk job and vice versa • Monitor DSCR and seller-note coverage monthly; adjust advertising and repair pace if cash flow tightens • Document processes so the combined operation is less owner-dependent over time

The guiding principle is **capacity only slightly ahead of demand**. The first half of the idle dumpsters are restored immediately so the business can say "yes" to new container work. The fourth truck and remaining dumpsters, along with heavier advertising spend, are unlocked by utilization and cash-flow results, protecting the DSCR on the bank note and funding the seller earnout.

11. Conclusion & Recommended Next Steps

The Company is a modest-scale, cash-flow-positive container and hauling business that has generated mid-five-figure annual profits while facing a multi-year revenue decline. On an earnings basis the operating business is most likely worth between \$150,000 and \$300,000, with a practical midpoint near \$180,000–\$220,000. Tangible assets (fleet and containers) may represent a material portion of total value and should be appraised separately. The illustrative \$200k–\$350k funded structure and the post-acquisition plan—consolidating into an existing demolition and junk-removal platform, phasing equipment repairs (half the idle dumpsters first; fourth truck and remaining units later), funding deferred maintenance, and investing in Google and social advertising—provide a coherent path to stabilize and grow cash flow in support of both the bank debt and the seller note.

For any serious investment or acquisition process the following items are essential:

- Full three-year tax returns and year-to-date financials (P&L; and balance sheet).
- Detailed fixed-asset register (trucks, containers, trailers) with year, condition, mileage/hours, and ownership status — including clear identification of the fourth truck and all non-operational dumpsters.
- Customer list, revenue concentration, and any written contracts or preferred-vendor arrangements.
- Debt schedule and outstanding liens.
- Local market assessment and competitive landscape.
- Environmental and regulatory compliance review.
- Independent equipment appraisal and repair cost verification for the truck and dumpster restoration plan.
- Integration plan details for consolidating into the existing demolition / junk-removal entity (entity structure, insurance, licensing, branding).

Disclaimer: This report is based exclusively on the Schedule C extracts provided and publicly available industry valuation benchmarks as of the report date. It is intended for informational purposes only and does not constitute a formal appraisal, fairness opinion, or recommendation to buy, sell, or hold any interest in the business. Actual transaction value may differ materially. Readers should conduct their own independent due diligence and consult qualified legal, tax, and financial advisors.

Prepared for informational use only. All figures in U.S. dollars. Source: IRS Schedule C (Form 1040) for tax years 2023, 2024, and 2025.



SAMPLE WORK

Letter of Intent

A non-binding LOI for the acquisition of the same business, with a \$350,000 structure combining buyer cash, SBA financing and a seller earnout. Names removed.

LETTER OF INTENT

Non-Binding Proposal to Purchase
The Company

September 03, 2026


Sole Proprietor
The Company

Re: Letter of Intent to Acquire the Business Assets and Operations of the Company

Dear Seller:

This Letter of Intent ("LOI") sets forth the principal terms under which a buyer (or an affiliated entity to be designated) ("Buyer") proposes to acquire substantially all of the business assets and going-concern operations of the Company, the sole proprietorship owned and operated by its owner ("Seller"). This LOI is intended as a framework for negotiation and the preparation of definitive agreements; except as expressly stated in the sections marked "Binding Provisions," it is non-binding.

1. Parties and Proposed Transaction

Buyer proposes to purchase, and Seller proposes to sell, the assets used in the operation of the Company, including but not limited to: roll-off containers and dumpsters, trucks and related rolling stock, tools and equipment, customer lists and goodwill, trade name rights to "the Company," telephone and digital assets, and any assignable contracts, permits, and records related to the business (collectively, the "Assets"). The transaction is intended as an asset purchase. Following closing, Buyer intends to consolidate the Assets into Buyer's existing demolition and junk-removal operations.

2. Purchase Price and Payment Structure — Business Value \$350,000

The parties have reached a handshake agreement on a total business value of **Three Hundred Fifty Thousand Dollars (\$350,000)**, allocated and funded as follows:

Component	Amount	Description
Buyer cash down payment	\$25,000	Paid by Buyer at Closing
Senior bank / SBA financing	\$100,000	Third-party loan; first lien on Assets
Seller financing (earnout)	\$225,000	Earnout; 50% of net profit after senior bank debt service for 3 years, structured to deliver \$225,000
Total Business Value	\$350,000	\$25,000 + \$100,000 + \$225,000

3. Seller Financing Terms

Seller financing shall be structured as an earnout of **Two Hundred Twenty-Five Thousand Dollars (\$225,000)**, equal to fifty percent (50%) of net profit after senior bank debt service, payable over **three (3) years** following Closing. The earnout is intended to deliver an aggregate of \$225,000 to Seller as part of the agreed \$350,000 business value. The earnout shall: (a) be subordinated to the senior bank / SBA facility; (b)

be calculated annually from the business's net profit after senior bank debt service; and (c) be secured by a subordinated security interest in the Assets, subject to the senior lender's requirements. Exact calculation methodology, payment timing, default provisions, and security documentation will be set forth in the definitive purchase and loan documents.

4. Due Diligence

Buyer's obligation to proceed is subject to satisfactory completion of due diligence, including without limitation:

- Three years of tax returns (Schedule C and related) and year-to-date financials;
- Complete fixed-asset register (trucks, containers, trailers) with condition, titles, and liens;
- Customer lists, concentration analysis, and material contracts;
- Debt schedule and UCC / lien search;
- Permits, licenses, and environmental / regulatory compliance history;
- Independent verification of repair costs for non-operational dumpsters and the fourth truck;
- Confirmation that Assets can be transferred free and clear (or subject only to agreed liens).

Seller agrees to cooperate in good faith and provide reasonable access to books, records, equipment, and personnel during the due diligence period. Target due diligence period: thirty (30) to forty-five (45) days from mutual execution of this LOI, subject to extension by agreement.

5. Conditions to Closing

Closing will be conditioned on, among other customary conditions: (a) execution of definitive asset purchase agreement and related documents; (b) Buyer obtaining the senior financing on terms acceptable to Buyer; (c) transfer of titles and clear (or agreed) lien status on the Assets; (d) any required third-party consents; (e) no material adverse change in the business; and (f) delivery of a bill of sale, assignment of contracts, and other customary closing deliverables. Buyer intends to consolidate the Assets into its existing demolition and junk-removal entity at or promptly after Closing.

6. Exclusivity (Binding)

Upon mutual execution of this LOI, and for a period of forty-five (45) days thereafter (the "Exclusivity Period"), Seller agrees not to solicit, encourage, negotiate, or accept any other offer for the sale of the Assets or the business, and to negotiate exclusively in good faith with Buyer toward definitive agreements. The Exclusivity Period may be extended by written agreement.

7. Confidentiality (Binding)

Each party agrees to keep confidential the existence and terms of this LOI and all non-public information received from the other party in connection with the proposed transaction, except as required by law, lenders, or professional advisors bound by confidentiality obligations. This obligation survives termination of this LOI for a period of two (2) years.

8. Non-Binding Nature; Expenses

Except for Sections 6 (Exclusivity), 7 (Confidentiality), and this Section 8, this LOI is non-binding and creates no obligation to consummate a transaction. Either party may terminate negotiations at any time prior to execution of definitive agreements, subject to the binding provisions. Each party shall bear its own legal, accounting, and due diligence expenses. No finder's fee or broker commission is due from Buyer unless Buyer has separately engaged a broker in writing.

9. Governing Law

This LOI shall be governed by the laws of the State in which the business primarily operates, without regard to conflict-of-laws principles. The parties will specify the governing state in the definitive agreements.

10. Acceptance

If the foregoing terms are acceptable as a basis for negotiation, please sign and return one copy of this LOI. This LOI may be executed in counterparts (including electronic signatures), each of which shall be deemed an original.

We look forward to working with you toward a successful transaction.

Sincerely,

BUYER

Buyer

Signature

Name: _____

Title: _____

Date: _____

SELLER — ACCEPTED AND AGREED

Seller

Signature

Name: [REDACTED]

Title: Sole Proprietor

Date: _____

This Letter of Intent is confidential and intended solely for the named parties. It does not constitute a binding agreement to purchase or sell except for the binding provisions identified above. Definitive legal agreements will control the final terms of any transaction.



Let's look at your next deal.

[Contact details to be added]