

**Opportunity:****Trucking / Transportation**

Location:

Central Washington

Business Offered At:

\$1,000,000

Sale Type:

Asset Sale or Equity Sale

**Offered By:****AAI Real Estate**

819 S. 72nd Ave

Yakima, WA 98908

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# Trucking / Transportation

Central Washington

Confidential

Offering Memorandum

Trucking / Transportation

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Any and all financial records, equipment list, and operating reports received from management and included in this package are assumed to be accurate. While reasonable tests are applied and unusual results queried, the prospective purchaser should verify accuracy of these numbers. Unless stated otherwise, the financial summaries prepared by AAI Real Estate reflect only regrouping of those prepared by management. By accepting this Confidential Memorandum, the recipient acknowledges the responsibility to perform a due diligence review and make its own evaluation and judgment prior to any acquisitions of or mergers with the Client Company.

Unless stated otherwise, the underlying assets have not been appraised. The cost data provided in the financial statements, before depreciation is deducted, may be used as an approximate replacement cost but should be reviewed in due diligence process. If a value is included on the asset list, that value is the presumed fair market value of an equivalent asset. Additionally, the list was prepared at a specific point in time. The ordinary course of business will cause items to be added and disposed of, so any enclosed list of assets should be viewed as an approximation of the total assets of the business.

Inventory is assumed to be at cost. Management's estimate of value is accepted unless reasons exist to use another value, which will be noted. Real estate values, building leases, rental agreements, equipment leases and other commitments of the company are management's estimate and are assumed to be at market rates unless otherwise noted.

 Matt Russell

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## Confidential Offering Memorandum

Exclusively Offered By: **AAI Real Estate**

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## Table of Contents

Business Overview	4-6
Suppliers, Competitors, Employees	7
Financial Information	8-13
Potential Financing Structure	14
Buyer Process	15
About AAI Financial	16

The company is an interstate freight carrier based out of central Washington. They are authorized to operate under USDOT. They carry general freight, building materials, machinery, fresh produce, refrigerated goods, paper products, agricultural and farm supplies and construction materials. Customer relationships go back 60 years! There are 8 tractors and 41 trailers for hauling different types of freight. The business is a C corporation. The owner is willing to consider both an equity sale and an asset sale.


Per the tax returns, the business was incorporated in 1977. The founder started trucking in 1955 and reformatted the business after deregulation of interstate routes. A family member of the current owner does the bookkeeping and accounts payable / accounts receivable. Both the owner and family member will depart after the sale.

The business has 5 staff members excluding the current owner and family member. All of the 5 staff members are drivers. They have been with the company 22, 21, 11, 2 and 1 years and are expected to stay on after the sale. They make approximately \$18.00 per hour plus overtime and bonuses.

The current owner is selling due to family reasons. He is willing to negotiate staying on for a period of time to help train and consult through the transition. The mother may also be willing to stay on for a time for transition purposes.

Complete detailed information about the company is available with a signed non-disclosure agreement.

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## Business Summary


Industry	Trucking / Transportation
Business	Not Disclosed
Location	Not Disclosed Central Washington
Number of Employees	7, 5 drivers will remain with the company
Years in Business	47
Website	<a href="#">Not Disclosed</a>
Type of Sale	Equity or Asset Sale, negotiable
Reason for Selling	Divorce

The Seller is offering the business as a Stock / Equity sale. There are several advantages to purchasing the equity rather than the assets of the business:

- Business licenses will continue and not need to be renewed.
- Current contracts will be kept intact
- The business name has developed brand name and client recognition with some client relationships of over 60 years.

The seller is also willing to consider an asset sale.

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## Key Numbers

Asking Price, Business	1,000,000
2020 Sales	1,040,465
2021 Sales	1,156,020
2022 Sales	1,066,227
2023 Sales	1,036,149
2020 Seller's Discretionary Earnings	133,592
2021 Seller's Discretionary Earnings	241,407
2022 Seller's Discretionary Earnings	249,336
2023 Seller's Discretionary Earnings	101,557
Projected Discretionary Annual Earnings	245,000
Net Fixed Assets Included in Sale, Dec. 2023	178,790
A/R - A/P, Dec. 2023	-370
Inventory, Dec. 2023	0
Long Term + Short Term Debt, Dec. 2023	0

The seller took over operations in 2020 after the founder passed. In 2023, the seller went through a divorce, contributing to the decline in discretionary cash flows. Ongoing cash flows are expected to be similar to 2021 and 2022.

## Suppliers

The business currently works with [PetroCard](#) for fuel, although this can be changed. Otherwise, it has no dedicated suppliers.

## Competitors / Customers

There are several competitors in the area. The business has several long-term relationships, some going back 60 years. Customers continue to stay with the company because of its service and dependability. One customer, is the largest and longest standing customer and represents approximately 75% of sales.

## Employees

The owner currently manages the operations, coordinates sales, prospects for business opportunities, dispatch and maintenance. He is willing to stay on for a negotiated period of time for transition.

The family member is on the payroll at approximately \$40,000 per year and does the bookkeeping, accounts receivable and accounts payable. She works roughly 15-20 hours per week. Her function could be assumed by another employee or the new owner.

The business has 5 drivers that are expected to stay with the company. They have been with the company 22, 21, 11, 2 and 1 years. They make approximately \$18.00 per hour plus overtime and bonuses.

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## Accrual Based Financials: 2019-2022 from Tax Returns, 2023 Company Prepared

Accounting Method: Accrual	2019	2020	2021	2022	2023
1c Net Receipts / Sales	1,382,819	1,040,465	1,156,020	1,066,227	1,036,149
2 COGS	-	-	-	-	-
3 Gross Profit	1,382,819	1,040,465	1,156,020	1,066,227	1,036,149
9 Net Gain Form 4797	-	-	-	22,500	-
10 Other Income	23,943	18,043	165	-	-
<b>11 Total Income (Revenues)</b>	<b>1,406,762</b>	<b>1,058,508</b>	<b>1,156,185</b>	<b>1,088,727</b>	<b>1,036,149</b>
12 Compensation of Officers	-	-	48,000	59,917	-
13 Salaries and wages	476,246	410,855	394,821	263,994	340,411
14 Repairs and Maintenance	66,824	65,226	38,613	55,105	103,654
15 Bad debts	24,821	-	-	-	-
16 Rents	30,000	24,000	26,000	24,000	26,000
17 Taxes / Licenses	138,058	116,344	114,580	95,869	127,076
18 Interest	18,393	1,313	2,163	-	-
19 Charitable Contributions	-	-	-	325	-
20 Depreciation	18,124	10,039	10,361	85,131	-
22 Advertising	-	920	-	2,898	2,499
26 Other Deductions	541,806	360,164	412,468	393,710	441,881
<b>27 Total Deductions</b>	<b>1,314,272</b>	<b>988,861</b>	<b>1,047,006</b>	<b>980,949</b>	<b>1,041,522</b>
<b>28 Ordinary Business Income</b>	<b>92,490</b>	<b>69,647</b>	<b>109,179</b>	<b>107,778</b>	<b>(5,373)</b>
<b>EBITDA Income</b>	<b>129,007</b>	<b>80,999</b>	<b>121,703</b>	<b>192,909</b>	<b>(5,373)</b>

The business provided tax returns on an accrual basis for the prior four years and company prepared financials for 2023. Farming income from a cherry orchard was included on a separate schedule in 2019-2021 that is not part of the sale. Some farming items (income and expenses) are included in the information above.



## Additional Detail: 2019-2022 from Tax Returns, 2023 Company Prepared

Other Deduction Expenses	2019	2020	2021	2022	2023
Bank Charges	1,667	1,006	154	141	44
Contract Labor	7,778	-	-	-	-
Dues & Fees	-	298	144	84	73
Equipment Lease	817	108	-	-	-
Freight and Postage	58	62	9	-	353
Fuel	394,125	251,646	296,122	328,975	368,279
Insurance	86,017	46,975	48,338	46,645	83,846
Late Fees	5,077	2,612	290	-	450
Leases	9,742	2,516	-	-	-
Lumper Fee	-	809	2,649	1,729	243
Medical Testing	274	204	345	565	194
Miscellaneous	156	100	1,125	1,159	(34,428)
Office Expense	2,016	1,345	3,108	1,992	4,115
Professional Fees	9,588	10,508	14,614	6,464	7,637
Supplies	5,157	567	32,844	856	1,206
Telephone and Internet	10,818	7,364	4,696	2,402	5,171
Travel	-	-	1,465	-	368
Utilities	5,217	4,313	4,398	1,852	2,600
50% of meals	-	55	19	180	1,205
Farm Misc Deduction	3,299	29,676	2,148	-	-
Auto Expenses	-	-	-	666	-
Donations	-	-	-	-	525
<b>Total Other Deductions</b>	<b>541,806</b>	<b>360,164</b>	<b>412,468</b>	<b>393,710</b>	<b>441,881</b>

Additional details are provided for convenience and transparency. Some expenses were combined for space. In 2023, an expense labeled "Suspense" of a negative amount, \$37,697.78, appears and is included in Miscellaneous.

Farm Misc Deduction was included in the main business as an expense, not on the farming schedule.


## Accrual Based Financials: 2019-2022 from Tax Returns, 2023 Company Prepared

Balance Sheet	2019	2020	2021	2022	2023
1 Cash	39,664	56,630	114,378	207,079	35,826
6 Other Current Assets	57,995	56,893	51,719	51,519	52,319
7 Loans to Shareholders	2,500	-	-	-	-
10a Buildings and other depr. Assets	686,030	686,030	708,530	749,530	917,118
10b Accumulated Depreciation	666,799	676,838	687,199	738,330	738,328
10c Net Buildings / Fixed Assets	19,231	9,192	21,331	11,200	178,790
<b>15 Total Assets</b>	<b>119,390</b>	<b>122,715</b>	<b>187,428</b>	<b>269,798</b>	<b>266,935</b>
16 Accounts Payable	16,435	12,934	743	-	370
17 Mortgages/Notes/Bonds < 1 year	76,197	-	-	-	-
18 Other Current Liab.	32,099	12,401	15,762	15,030	17,170
20 Mortgages/Notes/Bonds > 1 year	12,015	9,598	-	-	-
22 Capital Stock	14,002	14,002	14,002	14,002	14,002
24 Retained Earnings	(31,358)	73,780	156,921	240,766	235,393
<b>27 Total Liabilities and Equity</b>	<b>119,390</b>	<b>122,715</b>	<b>187,428</b>	<b>269,798</b>	<b>266,935</b>

## Accrual Based Financials: 2019-2022 from Tax Returns, 2023 Company Prepared

	2019	2020	2021	2022	2023
<b>Cash Flow from Operations</b>					
Net Income	92,490	69,647	109,179	107,778	(5,373)
Depreciation	18,124	10,039	10,361	51,131	-
Changes in Net Accounts Receivable	-	-	-	-	-
Changes in Inventories	-	-	-	-	-
Changes in US Gov't Obligations	-	-	-	-	-
Changes in Tax-exempt Securities	-	-	-	-	-
Changes in Other Current Assets	13,548	1,102	5,174	200	(800)
Changes in Accounts Payable	5,521	(3,501)	(12,191)	(743)	370
Changes in Other Current Liab.	5,687	(19,698)	3,361	(732)	2,140
<b>Cash Flow from Operations</b>	<b>135,370</b>	<b>57,589</b>	<b>115,884</b>	<b>157,634</b>	<b>(3,664)</b>

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## Discretionary Cash Flow: 2019-2021 from Tax Returns, 2022 Company Prepared

Accounting Method: Cash	2019	2020	2021	2022	2023
Operating Cash Flow	135,370	57,589	115,884	157,634	(3,664)
<b>Adjustments for non-cash, non-recurring and owner's expenses</b>					
Interest Expense	18,393	1,313	2,163	-	-
Owner's Compensation	-	-	48,000	20,000	-
Billing Person	39,917	39,917	39,917	39,917	39,917
Estimated Payroll Tax (7.65%)	3,054	3,054	6,726	4,584	3,054
Donations	-	-	-	-	525
Gross Farm Income	(18,195)	(16,937)	-	-	-
Farm Wages	24,161	18,981	5,633	-	-
Farm Misc Deduction	3,299	29,676	2,148	-	-
Personal Expenses (consolidated)	-	-	20,937	27,201	61,725
<b>Total Adjustments</b>	<b>70,628</b>	<b>76,003</b>	<b>125,523</b>	<b>91,702</b>	<b>105,221</b>
<b>Discretionary Cash Flow</b>	<b>205,998</b>	<b>133,592</b>	<b>241,407</b>	<b>249,336</b>	<b>101,557</b>

Adjustments are made to eliminate non-cash expenses, non-recurring items and owner's expenses that were run through the company and may be different for the new owner. Verbally the family member's compensation was provided as \$40k per year each year. The exact amount was provided in 2022 in the tax returns. The 2022 amount was used for each year. Farm related income and expenses were adjusted.

Personal items were run through the business and are consolidated above. The information is from general ledger entries for 2021-2023 when the current owner took over. Prior to that, information was kept in paper form and separating personal items from business items is challenging. Personal expenses include household goods, food, lodging, travel, transportation, equipment, fuel, and additional expenses.

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TRACTORS				
TRUCK #	YEAR	MAKE	MODEL	VALUATION
9155	1996	FREIGHTLINER	FLD	\$32,500
14	1995	FREIGHTLINER	CLASSIC XL	\$15,000
56	1999	FREIGHTLINER	CLASSIC XL	\$40,000
12	2000	FREIGHTLINER	CLASSIC	\$65,000
45	2000	PETERBUILT	387	\$45,000
211	2001	FREIGHTLINER	FLD	\$25,000
22	2000	FREIGHTLINER	FLD	\$25,000
21	2001	FREIGHTLINER	CLASSIC XL	\$40,000
<b>TOTAL</b>				<b>\$287,500</b>

TRAILERS				
TRAILER#	YEAR	MAKE	MODEL	VALUATION
5301	1997	WESTERN	FLATBED	\$20,000
5302	1998	WESTERN	FLATBED	\$22,500
CVR	2000	WESTERN	CURTAIN	\$25,000
F5	1995	ALLOY	FLATBED	\$10,000
P5	1995	ALLOY	FLATBED	\$10,000
F4	1974	ALLOY	FLATBED	\$7,500
P4	1974	BROWN	DOLLY	\$7,500
F6	1980	UTILITY	FLATBED	\$10,000
P6	1980	TRAILMOBILE	FLATBED	\$10,000
F11	1981	ALLOY	FLATBED	\$7,500
P11	1974	ALLOY	FLATBED	\$7,500
5305	2006	WILSON	FLATBED	\$35,000
	1974	BROWN	FLATBED	\$5,000
F12	1974	COMET	FLATBED	\$7,500
P12	1984	STTL	FLATBED	\$7,500
	1977	STAR	FLATBED	\$5,000
	1990	JETCO	HOPPER	\$7,500
HL3	1976	STAR	HOPPER	\$7,500
	1980	EXCELL	HOPPER	\$7,500
	1980	STAR	HOPPER	\$7,500
	1980	STAR	HOPPER	\$7,500
HL5	1982	STAR	HOPPER	\$7,500

TRAILERS					
TRAILER#	YEAR	MAKE	MODEL	VALUATION	
HP5	1981	STAR	HOPPER	\$7,500	
	1995	STAR	HOPPER	\$7,500	
	1995	STAR	HOPPER	\$7,500	
	1990	JETCO	HOPPER	\$7,500	
	1973	HAINES	HOPPER	\$7,500	
	1979	KNIGHT	PULL	\$7,500	
	1977	STAR	PULL	\$7,500	
	1998	UTILITY	REEFER	\$10,000	
	561	1999	GREAT DANE	REEFER	\$15,000
	536	2000	GREAT DANE	REEFER	\$15,000
501	2001	UTILITY	REEFER	\$15,000	
0.3	2002	UTILITY	REEFER	\$12,500	
	2003	UTILITY	REEFER	\$12,500	
	2003	UTILITY	REEFER	\$12,500	
0.5	2005	WABASH	REEFER	\$10,000	
0.06	2006	UTILITY	REEFER	\$15,000	
0.6	2007	UTILITY	REEFER	\$15,000	
0.8	2007	UTILITY	REEFER	\$12,500	
0.08	2008	UTILITY	REEFER	\$15,000	
<b>TOTAL</b>				<b>\$455,000</b>	

MISC. EQUIPMENT			
YEAR	MAKE	MODEL	VALUATION
1988	FORD	F350	\$4,000
<b>TOTAL</b>			<b>\$4,000</b>

TOTAL EQUIPMENT VALUATION	
<b>TOTAL ASSET VALUATION</b>	<b>\$746,500</b>

Valuations were provided by the seller. Some are based on a recent insurance appraisal, some on average market values.

## Financing Options

Seller Financing Offered?	TBD
Financing Amount Offered	Negotiable

Broker is willing to provide assistance with exploring funding options specific to buyer needs and qualifications


The seller may be willing to provide seller financing depending on the offer and circumstances.

## Example Loan

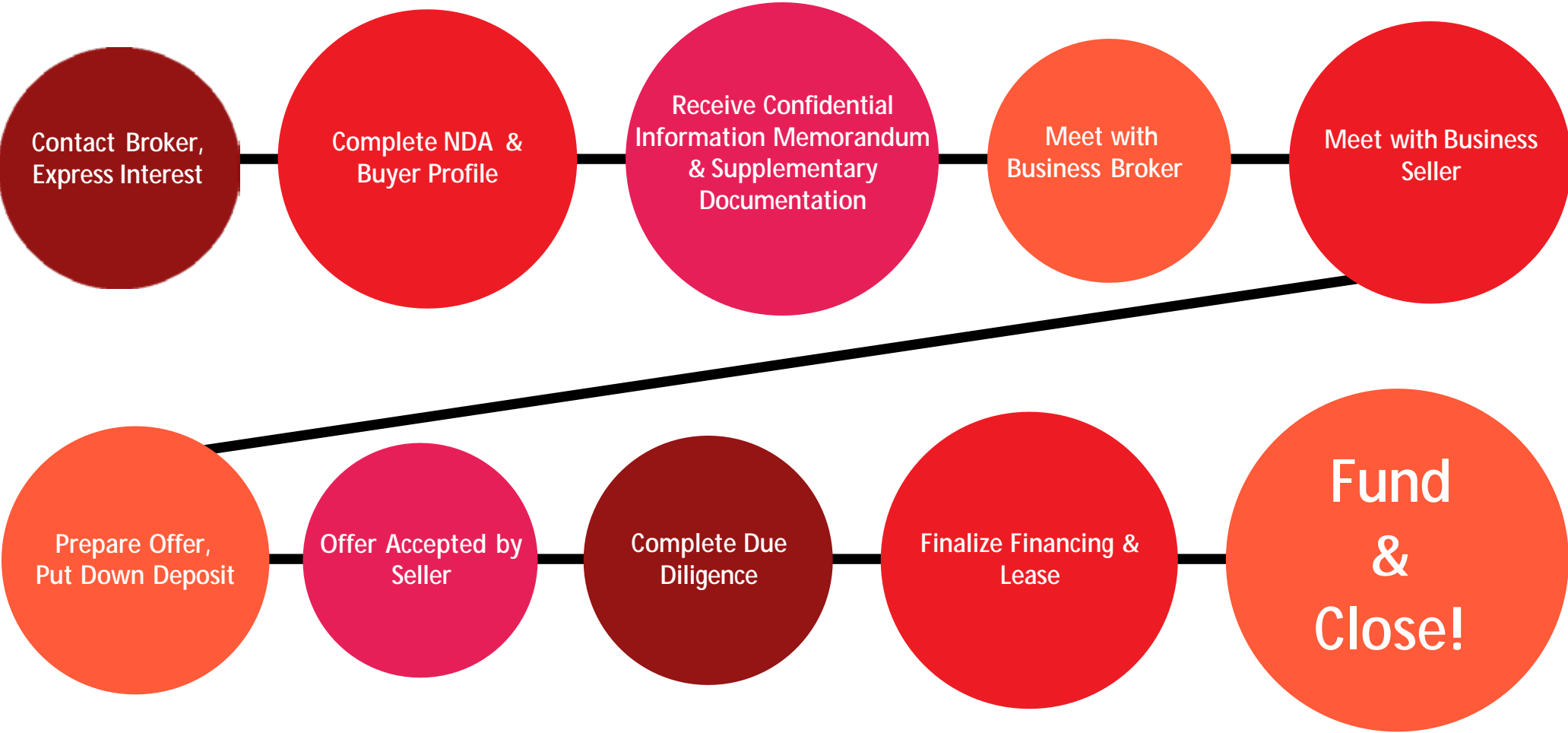
<b>Business Offer</b>	<b>1,000,000</b>
Potential Loan to Value	90.00%
Loan Amount	900,000
Down Payment	100,000
Potential Rate / Months	10.50% / 120
Monthly Payment	12,144
Expected Ongoing Discretionary Cash Flow	245,000
Annual Payment, Above Financing Example	145,730
Debt Service Coverage	1.68
Remaining Cash Flow	99,270
Cash / Cash Return with Loan Scenario	99.27%
Cash / Cash Return, All Cash Offer	24.50%

The financing example assumes the buyer utilizes an SBA loan.

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AAI Financial Group (AAIFG) is our dedicated capital advisory arm that specializes in assisting clients to obtain financing for commercial properties. We are committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We utilize our relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, and agency lenders to provide our clients with a wide range of financing options.

Our dedicated, knowledgeable advisors work to understand you and your goals, gather all of the documents required, provide advice and manage the process from beginning to end while overcoming the challenges of financing.

## Team

Dedicated back-office support team to focus on real estate and financing transactions.

## Capital Access

Access to local, regional and nationwide lenders

## Efficiency

Company wide operating system servicing real estate and financing utilizing the same team of members throughout the transaction.