

**Opportunity:****Arcade/Amusement Center**

Location:

State of Washington

Business Offered At:

\$2,500,000

Sale Type:

Asset Sale

Real Estate Offered At:

Included in Price

Offered By:**AAI Real Estate**

819 S. 72nd Ave

Yakima, WA 98908

www.aaifg.com

Arcade/Amusement Center

State of Washington

Confidential

Offering Memorandum

Arcade/Amusement Center

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The Client Company has elected not to audit financial statements, appraisals of tangible assets or real property. In addition, management has elected to omit substantially all of the informative disclosures ordinarily included in financial statements prepared on an income tax basis of accounting, market value presentation and valuation reports. If the omitted disclosures were included, they might influence the user's conclusions about the company's financial condition. Accordingly, the documents contained in this Confidential Memorandum are not designed for those who are not informed about such matters.

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.

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	8-11
Location	12
Potential Financing Structure	13
Buyer Process	14
About AAI Financial	15

The business is a privately owned arcade and entertainment center in Washington state. The business has arcade games, mini golf, go carts, bumper boats, batting cages and outside picnic areas. All assets of the business are available as an asset sale. The parcels are included in the sale.

The business was started decades ago and purchased by its current owner in January 2018.

Business Hours:

Drive Thru Hours:

Monday – Thursday 11:00 am – 9:00 pm

Friday 11:00 am – 10:00 pm

Saturday 10:00 am – 10:00 pm

Sunday 10:00 am – 9:00 pm


The business has 26 staff members: one general manager, one head of maintenance, and the remaining employees are part time, typically high school or college students, and the number fluctuate.

The business has an [Amusement Games](#) license from the State of Washington. The new owner will need to apply for a license.

The current owner is selling in order to focus other investment opportunities. The owner is willing to stay on for up to 30 days unpaid to transition the business. The general manager runs the day to day activities, and the current owner has very little involvement. The seller may be willing to provide financing.

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

 Matt Russell

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Business Summary

Industry	Arcade/Amusement Center
Business	Not Disclosed
Location	Not Disclosed State of Washington
Number of Employees	26
Years in Business	Several decades, 7.5 years current owner
Website	Not Disclosed
Type of Sale	Asset Sale
Reason for Selling	Owner pursuing other investment opportunities

The Seller is offering the business as an asset sale.

Key Numbers

Asking Price, Business	2,500,000
Asking Price, Real Estate	Included
Combined Asking Price	2,500,000
2022 Sales	1,728,157
2023 Sales	1,670,968
2024 Sales	1,611,366
2022 Seller's Discretionary Earnings	491,330
2023 Seller's Discretionary Earnings	490,902
2024 Seller's Discretionary Earnings	459,064
Net Fixed Assets Included in Sale Dec 2023	157,955
A/R - A/P, Dec. 2023	0
Inventory, Dec. 2023	0

Tax returns on a cash basis were provided from 2021-2023. P&Ls for 2024 were provided. The tax returns included no A/R, A/P or Inventory in any year.

Suppliers

There are few suppliers for the business, mainly food vendors.

Competitors

There are few competitors in the area, and none that offer as wide a variety of activities. The business is very active on social media, primarily Facebook and Instagram, where it is able to target it's specific customer demographic.

Employees

The business currently has 26 staff members. There is a full time general manager currently earning \$80,000 per year and a head of maintenance paid \$28.50 per hour. The remaining employees are part time, generally high school students and college students.

Income Statement: 2021-2023 from Tax Returns, 2024-2025 Company Prepared

Accounting Method: Cash	2021	2022	2023	2024
1c Net Reciepts / Sales	1,476,677	1,728,157	1,670,968	1,611,366
2 COGS	193,870	226,884	221,097	198,052
3 Gross Profit	1,282,807	1,501,273	1,449,871	1,413,314
5 Other Income/Loss	693	-	485	53
6 Total Income (Revenues)	1,283,500	1,501,273	1,450,356	1,413,368
7 Compensation of Officers	100,000	8,480	-	-
8 Salaries and wages	248,975	503,295	475,311	474,592
9 Repairs and Maintenance	69,983	81,441	48,700	23,252
11 Rents	33,364	73,259	74,701	71,257
12 Taxes / Licenses	111,740	53,853	53,991	54,655
13 Interest	37,806	22,549	28,292	20,018
14 Depreciation	157,149	234,017	5,957	24,779
16 Advertising	1,037	9,035	5,493	3,367
19 Other Deductions - Amortization	57,347	57,347	57,347	57,347
19 Other Deductions	230,817	340,991	352,493	365,845
20 Total Deductions	1,048,218	1,384,267	1,102,285	1,110,540
21 Ordinary Business Income	235,282	117,006	348,071	302,828
EBITDA	487,584	430,919	439,667	404,972

The seller provided financial information for 2021-2024. 2024 tax returns are on extension. The 2024 P&Ls are on accrual basis. However, there isn't enough activity to warrant calculating operating cash flows and 2024 balance sheets were not provided.

Discretionary Cash Flow

Accounting Method: Cash	2021	2022	2023	2024
EBITDA	487,584	430,919	439,667	404,972
Adjustments for non-cash, non-recurring and owner's expenses				
Officer's Compensation	100,000	8,480	-	-
Health Ins	-	-	-	15,428
Travel	5,468	5,703	4,501	13,440
Meals	22,015	17,181	9,235	7,785
Fuel	13,766	18,644	12,930	4,106
Auto	5,853	6,880	11,272	1,428
Professional	15,151	1,887	11,407	9,655
Phone	2,528	1,636	1,890	2,251
Total Adjustments	164,781	60,411	51,235	54,092
Discretionary Cash Flow	652,365	491,330	490,902	459,064
Expected Payment (10.00%, 13 year am)	309,919	309,919	309,919	309,919
DSCR	2.10	1.59	1.58	1.48

The seller also provided information regarding which financial items were personal in nature and would not be incurred by another owner. The discretionary cash flow presented here is more likely the true cash flow that will be generated under the new owner.

Tax Return, Cash Based Balance Sheet

Balance Sheet	2021	2022	2023
1 Cash	1,201	-	8,116
10a Buildings and other depr. Assets	493,962	721,200	721,200
10b Accumulated Depreciation	323,271	557,288	563,245
10c Net Buildings / Fixed Assets	170,691	163,912	157,955
12 Land	162,040	162,040	162,040
13a Intangible Assets	859,777	859,777	859,777
13b Accumulated Amortization	229,330	286,677	344,024
13c Net Intangible Assets	630,447	573,100	515,753
15 Total Assets	964,379	899,052	843,864
18 Other Current Liab.	25,883	84,141	42,063
20 Mortgages/Notes/Bonds > 1 year	812,416	608,646	539,162
24 Retained Earnings	126,080	206,265	262,639
27 Total Liabilities and Equity	964,379	899,052	843,864

The balance sheets from the tax returns (cash basis) are presented here for informational purposes.

Asset List	Estimated Value
Batting Cages and Equipment	60,400
Mini Golf (Water Features, Equipment, Etc.)	151,500
Bumper Boats (Pool, Boats, Etc.)	129,000
Go Karts (Track, Karts, System, Etc.)	333,000
Misc Kitchen / Office Equipment	89,600
Arcade Games	380,000

A detailed asset list was provided and is available in the loan file.
A summary of the list is included here.

Two parcels of land are included with the purchase. The parcels include the mini golf, go carts, bumper boats, batting cages and outside picnic areas.

The business currently rents space for the arcade games. Base rent is \$2,787.50 per month (annual rent of \$3.75 per square foot). Gross percentage rent is the amount by which 6% of total sales exceeds the base rent, due by Feb 1 of each year. There is 1 option to extend, and base rent increases to \$4.00 per square foot during the extension period. The tenant pays it's own utilities, and also pays it's percentage share of operating expenses and taxes.

Potential Financing Structure

Financing Options

Seller Financing Offered?	TBD
Financing Amount Offered	TBD

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

Business Offer	2,500,000
Potential Loan to Value	90.00%
Loan Amount	2,250,000
Down Payment	250,000
Potential Rate / Months	10.00% / 156
Monthly Payment	25,827
Discretionary Cash Flow 2024	459,064
Annual Payment, Above Financing Example	309,919
Debt Service Coverage	1.48
Remaining Cash Flow	149,145
Cash / Cash Return with Loan Scenario	59.66%
Cash / Cash Return, All Cash Offer	18.36%

The financing example assumes the buyer utilizes an SBA loan.

Contact Broker,
Express Interest

Complete NDA &
Buyer Profile

Receive Confidential
Information Memorandum
& Supplementary
Documentation

Meet with
Business Broker

Meet with Business
Seller

Prepare Offer,
Put Down Deposit

Offer Accepted by
Seller

Complete Due
Diligence

Finalize Financing &
Lease

Fund
&
Close!

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.