



Paraison AI

Acquisition Memo

Reliable HVAC Co.

BUY

Acquisition score **95/100**

PREPARED 2026-07-05

ASKING PRICE \$500,000

DATA CONFIDENCE 85% (completeness-driven)

METHOD deterministic finance core · AI document extraction

GOVERNED DECISION · FULLY AUDITED

Recommendation

The financials support acquiring this business at the asking price.

INVESTMENT THESIS

Profitable business priced in the upper half of its range, with debt coverage that supports acquiring at the asking price.

WHY THIS SCORE

Acquisition score 95/100 because: Price vs. value asking within range (-5).

METRIC	VALUE
Recommendation	BUY
Acquisition score	95/100
Valuation range	\$400,000 - \$560,000
Asking price	\$500,000
SDE used	\$200,000
DSCR	1.89
Annual debt service	\$66,120
Data confidence	85%

90-100 Exceptional

80-89 Strong

70-79 Good, with risks

60-69 Significant concerns

0-59 High risk

What these results mean

A plain-language read of the numbers above — how the price, the debt math, the score and the risks fit together.

On the earnings the business generates (SDE of \$200,000), size-based main-street multiples put a fair value at **\$400,000–\$560,000**. The \$500,000 asking price sits in the **upper half** of that range — defensible, but it leaves little margin for error.

Under a standard SBA-style purchase (mostly bank debt, a small seller note, ~10% down), the business would carry about \$66,120 in debt payments a year. Its earnings cover that **1.89x** over — a strong cushion, well above the ~1.25 lenders typically require.

The overall acquisition score of **95/100** is strong. The main deductions are Price vs. value. The full point-by-point trail is in the score audit below.

Our deterministic checks — debt coverage, pricing, revenue trend, margin, customer concentration, add-back quality and owner dependence — surfaced no material red flags. Standard diligence still applies.

Bottom line: on the numbers supplied, this deal stands up. Confirm the inputs in diligence and it is worth pursuing.

Score audit — every point, explained

The score starts at 100 and each factor adjusts it. Nothing is hidden: this is the full trail behind the headline number.

FACTOR	FINDING	IMPACT	BASIS
Debt-service coverage	DSCR 1.89 (healthy)	+0	SDE vs. debt service
Price vs. value	asking within range	-5	asking vs. range
Revenue trend	+6.9%/yr	+0	growing

Red flags

NO MATERIAL RED FLAGS

The deterministic checks (debt coverage, pricing, revenue trend, margin, customer concentration, add-back quality, owner dependence) surfaced nothing material at this data confidence. Standard diligence still applies.

Strengths

What the numbers have going for them — the counterweight to the risks above.

- ✓ The business is profitable — SDE of \$200,000 on the financials provided.
- ✓ Debt coverage is healthy — earnings cover the loan 1.89× after an owner-replacement salary.
- ✓ Asking price falls within the estimated valuation range.
- ✓ Revenue is growing (+6.9%/yr).
- ✓ No material red flags surfaced across the deterministic checks.

Methodology & assumptions

The numbers are produced by a deterministic finance engine; an AI model is used only to read figures out of the uploaded documents. Every judgment — valuation, debt coverage, red flags, score — is rule-based and reproducible.

- Financing: 80% bank loan / 10% seller note / 10% buyer equity.
- Bank loan amortized over 10 years at 11.0% (seller note treated as standby).
- Replacement owner salary of \$75,000 subtracted from SDE before debt-service.
- Valuation uses size-based main-street SDE multiples; not a formal appraisal.

IMPORTANT — READ BEFORE ACTING

This memo is **informational only and is not financial, legal, tax, or investment advice**, and does not constitute an appraisal or a recommendation by a registered investment adviser. Figures were extracted by an automated system from documents you supplied and have not been independently audited or verified against source records. Valuation uses size-based main-street SDE multiples, not a formal appraisal. Confirm all inputs and consult qualified professionals before making an acquisition decision.