TORONTO BUSINESS FORENSICS

5 VERY SAFE AND BORING BUSINESSES

The forensic guide to buying the boring Toronto businesses nobody's hyping.

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- Why licensed daycares are a government backed cash machine
- The stickiest revenue in Toronto: bookkeeping practices
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This is not luck. It's structure.

Overpriced businesses in this city come in two flavours. The ones customers hype (smash burgers, fancy cafes, anything with a lineup) and the ones buyers hype (laundromats, car washes, whatever business Twitter is pushing this month). Both end the same way. You pay for buzz, and buzz doesn't come with the keys.

The five in this guide are different. Revenue on contract or mandated by law. Owners in their 60s with no exit plan. A license or certification keeping competitors out. And nobody making content about them, so prices are still sane.

> ***"Contracts transfer. Vibes don't."***

That's the whole guide in one line. Everything below runs on contracts and licenses. Everything on the hyped list runs on foot traffic and vibes. Almost every burned buyer I've reviewed a deal for got that part wrong.

1

THE SUCCESSION PLAY

HVAC and Skilled Trades

WHY IT WORKS

You can't start a competitor with a website and a van. TSSA and ECRA licensing keeps the buyer pool thin, and when a furnace dies in February nobody shops around for a month. Meanwhile a whole generation of owners is hitting their 60s and their kids want nothing to do with the business. PE started buying up the big shops, but anything under $2M is still below their radar. That's your window.

The money is in service and repair, not installs. Installs get bid down. Service calls are urgent, and urgent customers pay. A shop with a real maintenance agreement base is worth way more than one with the same revenue chasing installs every year.

CHECK BEFORE YOU BUY

- ☐ Who holds the licenses: the owner walking out, or techs who stay
- ☐ Revenue split between installs and service. Service is the good stuff
- ☐ Tech roster and pay vs. market. The techs ARE the business
- ☐ Any single builder or property manager over 15% of revenue

> **WARNING: THE DEAL KILLER**
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> Owner is the license holder, the lead tech, and the estimator all at once. That's not a business, that's a phone number with a van.

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THE GOVERNMENT BACKED PLAY

Licensed Daycares

WHY IT WORKS

The license is the moat. New capacity takes years of zoning and politics, and GTA waitlists mean demand permanently beats supply. You're buying a lineup of customers that refills itself. On top of that, CWELCC puts government money behind a big chunk of revenue. Closest thing to government backed cash flow a small business gets.

Just don't confuse licensed capacity with actual enrolment. A centre licensed for 60 running at 58 with a waitlist and one running at 41 can have the same asking price. They're not the same business.

CHECK BEFORE YOU BUY

- ☐ Enrolment by month for 2 years, and a waitlist you can actually verify
- ☐ CWELCC status and the funding agreement terms
- ☐ Whether the supervisor and RECE staff stay after the sale
- ☐ The lease. The license is tied to the address, so the lease IS the business

> **WARNING: THE DEAL KILLER**
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> Under 5 years left on the lease with no renewal option. Landlord doesn't renew, license gone, business gone.

Go deeper on this one. I wrote a full breakdown on daycares: licensing, CWELCC, what a centre is actually worth, the whole checklist. It's free. DM me DAYCARE on Instagram and I'll send it.

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THE STICKIEST REVENUE THERE IS

Bookkeeping and Accounting Practices

WHY IT WORKS

Nobody switches accountants. It's painful, so clients stay for decades on monthly retainers. Meanwhile a huge wave of sole practitioners is retiring with no one to hand the book to, and these sellers care who gets their clients. That's why seller financing and retention earnouts are normal here. The seller helps protect your downside.

These trade around 1x annual billings, and the upside is almost always pricing. Retiring practitioners haven't raised fees in ten years out of pure loyalty. A gentle move to market rates is the most reliable margin bump I see in any deal.

CHECK BEFORE YOU BUY

- ☐ Client aging. How many clients are near retirement themselves
- ☐ Monthly recurring work vs. once a year tax filings. Weight the mix
- ☐ Who holds the relationships: the owner, or staff who stay
- ☐ Will the seller stick around 6 to 12 months and vouch for you

> **WARNING: THE DEAL KILLER**
>
> Seller refuses a retention earnout. The person who knows these clients best just told you what happens after they leave.

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THE INSURANCE PAID PLAY

Property Restoration

WHY IT WORKS

Fire, flood, mould. The person calling you isn't the person paying. Insurance pays, and nobody comparison shops with a flooded basement. The moat is the insurers' approved vendor lists, which take years to get on and can't be shortcut. You inherit that as the buyer, if it transfers properly. Toronto's old housing stock and yearly basement floods keep the work coming.

Revenue is lumpy. Storms drive surges, so look at 3+ years of numbers, not the best 12 months the broker picked. Fair warning: franchises and some PE money already found this one. It's here for the durable demand, not because it's a secret.

CHECK BEFORE YOU BUY

- ☐ Which insurer programs the company is on, and if they survive a sale
- ☐ Program work vs. direct work, 3 years back
- ☐ IICRC certs. Who holds them and do they stay
- ☐ Receivables aging. Insurers pay slow, you'll need working capital

> **WARNING: THE DEAL KILLER**
>
> Change of control clauses in the vendor agreements nobody read. If the insurer relationships don't transfer, you overpaid. Badly.

5

THE ONE NOBODY'S TALKING ABOUT

Fire and Life Safety Inspection

WHY IT WORKS

The Ontario Fire Code forces every commercial building, condo, apartment block, school and hospital to get fire alarms, sprinklers, extinguishers and emergency lighting inspected yearly. Some stuff monthly. The customer doesn't choose to buy. The law chooses for them, and fire marshals enforce it. Every condo tower built in the last 15 years is a permanent client, hundreds more coming, and property managers renew on autopilot because switching vendors is a liability nightmare. Who owns these companies right now? Former sprinkler fitters in their late 50s.

Inspections also find problems, and the same company gets hired to fix them. Second revenue line built right in. And the clock is ticking: US private equity has been buying up fire protection companies hard for 3 years. That playbook always comes north late. GTA shops still sell at owner operator prices. Not for long.

CHECK BEFORE YOU BUY

- ☐ How many buildings on recurring agreements, and what's actually signed
- ☐ CFAA certified techs on staff, and which certs sit with the owner
- ☐ Inspection vs. repair revenue split. Repair attach rate is the hidden margin
- ☐ Compliance paperwork quality. Sloppy records become YOUR liability

> **WARNING: THE DEAL KILLER**
>
> Ten years of loyal service, nothing signed. That's a relationship, not a contract. Price it like one.

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THE WATCHLIST

One More Before the Wave Hits

GARAGE AND OVERHEAD DOOR COMPANIES

Same setup as fire safety. US private equity turned door companies into one of the hottest categories in American home services over the last two years, and Canada runs a few years behind. Every door breaks eventually, repairs are urgent, warehouses and condos sit on service contracts, and the owners are aging tradesmen. Barely touched up here. Widest open window of anything I track.

Also watching: septic pumping in the GTA fringe, commercial roofing, portable sanitation. Want a breakdown on one of them? Tell me on Instagram. Enough demand and I'll write it.

Contracts transfer. Vibes don't. Buy accordingly.

BEFORE YOU SIGN ANYTHING

Found a Deal? Don't Sign Yet.

A guide is one thing. A broker's package with a deadline on it is another. That's the moment sellers count on.

Book a Deal Review Call

Sixty minutes, one on one. Bring the listing and the financials, and we'll go through the numbers together: what they actually show, what's missing, and where the negotiating room is. You leave with a clear next step, whether that's moving forward or walking away.

Book a call: calendly.com/alex-thealexkouba/60