



PERIOD ENDING: _____ **FYE:** _____ **INTERIM:** _____
INFORMATION SOURCE: TAX RETURN: _____ **FINANCIAL STATEMENTS:** _____

1. Operating Pre-Tax Profit (Loss) or EBT (Earnings Before Taxes) 1. \$ _____

2. Owner Salaries, Perks, and Benefits*

Add Backs:

A. Owner's Salary	A. \$ _____
B. Other Family Salaries	B. \$ _____
C. Owner's Vehicle	C. \$ _____
D. Owner's Insurance	D. \$ _____
E. Owner's Medical	E. \$ _____
F. Owner's Payroll Taxes	F. \$ _____
G. Owner's Travel and Entertainment	G. \$ _____
H. Non-Essential Telephone	H. \$ _____
I. Non-Essential Utilities	I. \$ _____
J. Non-Essential Legal	J. \$ _____
K. Non-Essential Accounting	K. \$ _____
L. Donations	L. \$ _____
M. Other	M. \$ _____

2. *Total Owners Add Backs (sum of A thru M) 2. \$ _____

3. Depreciation and Amortization 3. \$ _____

4. Interest Expense 4. \$ _____

5. Extraordinary Expense /Non Recurring 5. \$ _____

6. Rent (add for overcharge/subtract for no charge or undercharge) 6. \$ _____

7. Other (Describe) _____ 7. \$ _____

8. Total Net Add Backs to add to Pre-Tax Profit (sum of 2 thru 7) 8. \$ _____

9. SELLER'S DISCRETIONARY CASH FLOW (sum of 1 plus 8) 9. \$ _____

Owner's/Seller's Discretionary Cash Flow may include: Net Operating Pre-Tax Profit or (Loss) plus/minus Verifiable Non-Cash Expenses (Depreciation/Amortization); Owner's Salary and Benefits; One Time Non-Recurring or Unusual Expenses; and Non-Essential Expenses.

Assume that the business will be sold or transferred to a new owner who may not incur the same discretionary expenses (example: insurance for owner and family members, interest and insurance on non-essential vehicles, convention trips, travel and entertainment, donations, and other non-essential expenses).

An Owner's/Seller's Discretionary Cash Flow Analysis should be completed for the last three years and the most recent interim period. If the company is growing dynamically, projections may need to be provided. If you or the business own the facilities housing the business, a rent adjustment should be made if the rent will increase or decrease for the new owner. Rent should be comparable to lease rates for similar space and location.