

Cash Flow Analysis Worksheet

Property Name		Acquisition Price	\$271,000
Location		Plus Acquisition Costs	\$5,420
Type of Property	Low Rise Garden Style	Plus Loan Costs	\$2,168
Size of Property (sf/units)	4,167	Minus Mortgages	\$216,800
Purpose of Analysis	Purchase	Equals Initial Investment	\$61,788
Prepared by			

Date Prepared June 10, 2015

MORT	TGAGE DATA		cos	T RECOVERY	/ DATA	BASIS DATA		
	1st Mortgage	2nd Mortgage		Improvements	Personal Property			
Amount	\$216,800		Value	\$221,136		Acquisition Price	\$271,000	
Interest Rate	5.00%		C. R. Method	SL	SL	Acquisition Costs	\$5,420	
Amortization Period	25		Useful Life	39.0		Total Acquisition Basis	\$276,420	
Loan Term	25		In Service Date	1-Jan	1-Jan			
Payments/Year	12	12	Date of Sale	31-Dec	31-Dec			
Periodic Payment	\$1,267.39		12 Months % age	2.564%				
Annual Debt Service	\$15,209		11.5 Months % ag	2.457%				
Loop Food/Costs	\$2.160							

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End of Year	1	2	3	4	5	6	7	8	9	10	11
1 POTENTIAL RENTAL INCOME	\$48,600	\$49,572	\$50,563	\$51,575	\$52,606	\$53,658	\$54,731	\$55,826	\$56,943	\$58,081	\$59,243
2 -Vacancy & Credit Losses	\$3,402	\$3,470	\$3,539	\$3,610	\$3,682	\$3,756	\$3,831	\$3,908	\$3,986	\$4,066	\$4,147
3 EFFECTIVE RENTAL INCOME	\$45,198	\$46,102	\$47,024	\$47,964	\$48,924	\$49,902	\$50,900	\$51,918	\$52,957	\$54,016	\$55,096
4 +Other Income (collectable)	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
5 GROSS OPERATING INCOME	\$45,998	\$46,902	\$47,824	\$48,764	\$49,724	\$50,702	\$51,700	\$52,718	\$53,757	\$54,816	\$55,896
6 OPERATING EXPENSES											
7 Real Estate Taxes	\$8,200	\$8,364	\$8,531	\$8,702	\$8,876	\$9,053	\$9,235	\$9,419	\$9,608	\$9,800	\$9,996
8 Personal Property Taxes											
9 Property Insurance	\$2,400	\$2,448	\$2,497	\$2,547	\$2,598	\$2,650	\$2,703	\$2,757	\$2,812	\$2,868	\$2,926
10 Off Site Management	\$3,220	\$3,283	\$3,348	\$3,414	\$3,481	\$3,549	\$3,619	\$3,690	\$3,763	\$3,837	\$3,913
11 Payroll											
12 Expenses/Benefits											
13 Payroll Taxes/Worker's Compensation											
14 Repairs and Maintenance	\$4,600	\$4,690	\$4,782	\$4,876	\$4,972	\$5,070	\$5,170	\$5,272	\$5,376	\$5,482	\$5,590
15 Utilities	\$5,850	\$5,967	\$6,086	\$6,208	\$6,332	\$6,459	\$6,588	\$6,720	\$6,854	\$6,991	\$7,131
16											
17											
18											
19 Accounting and Legal											
20 Licenses/Permits											
21 Advertising											
22 Supplies											
23 Miscellaneous Contract Services											
24											
25											
26											
27 TOTAL OPERATING EXPENSES	\$24,270	\$24,752	\$25,245	\$25,747	\$26,259	\$26,782	\$27,314	\$27,858	\$28,412	\$28,978	\$29,555
28 NET OPERATING INCOME	\$21,728	\$22,150	\$22,579	\$23,018	\$23,465	\$23,921	\$24,386	\$24,860	\$25,344	\$25,838	\$26,341
29 -Interest-First Mortgage	\$10,738	\$10,510	\$10,269	\$10,017	\$9,751	\$9,472	\$9,178	\$8,870	\$8,545	\$8,205	
30 -Interest-Second Mortgage											
31 -Cost Recovery-Improvements	\$5,433	\$5,670	\$5,670	\$5,670	\$5,670	\$5,670	\$5,670	\$5,670	\$5,670	\$5,433	
32 -Cost Recovery-Personal Property											
33 -Loan Costs Amortization	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	
34 -											
35 -											
36 REAL ESTATE TAXABLE INCOME	\$5,470	\$5,883	\$6,553	\$7,244	\$7,957	\$8,692	\$9,451	\$10,234	\$11,042	\$12,114	
37 Tax Liability (Savings) at 25%	\$1,368	\$1,471	\$1,638	\$1,811	\$1,989	\$2,173	\$2,363	\$2,558	\$2,761	\$3,028	
				CAS	SH FLOW						
38 NET OPERATING INCOME (Line 28)	\$21 728	\$22 150	\$22 579	\$23.018	\$23.465	\$23 921	\$24 386	\$24.860	\$25 344	\$25.838	

38	NET OPERATING INCOME (Line 28)	\$21,728	\$22,150	\$22,579	\$23,018	\$23,465	\$23,921	\$24,386	\$24,860	\$25,344	\$25,838	
39	-Annual Debt Service	\$15,209	\$15,209	\$15,209	\$15,209	\$15,209	\$15,209	\$15,209	\$15,209	\$15,209	\$15,209	
40	-											
41	-											
42	-											
43	CASH FLOW BEFORE TAXES	\$6,520	\$6,941	\$7,371	\$7,809	\$8,256	\$8,712	\$9,177	\$9,652	\$10,136	\$10,629	
44	-Tax Liability (Savings) (Line 37)	\$1,368	\$1,471	\$1,638	\$1,811	\$1,989	\$2,173	\$2,363	\$2,558	\$2,761	\$3,028	
45	CASH FLOW AFTER TAXES	\$5,152	\$5,470	\$5,732	\$5,998	\$6,267	\$6,539	\$6,814	\$7,093	\$7,375	\$7,601	

Measures of Investment Performance

13.77%

Effective Tax Rate

	Before	Tax			After 7	Гах	
EOY	\$			EOY	\$		
0	(\$57,000)			0	(\$57,000)		
1	\$4,875			1	\$3,898		
2	\$5,239			2 3	\$4,174		
3	\$5,611			3	\$4,397		
4	\$5,991			4	\$4,624		
5	\$6,378			4 5 6 7	\$4,853		
6	\$6,773			6	\$5,084		
7	\$7,176			7	\$5,319		
8	\$7,587			8 9	\$5,556		
9	\$8,006			9	\$5,795		
10	\$8,433	+	\$115,271	10	\$5,983	+	\$113,032
IRR =	15.66%			IRR =	13.51%		
NPV @		=		NPV @		=	

End of Year	1	2	3	4	5	6	7	8	9	10
Value Using Acquisition Cap Rate	\$255,000	\$260,000	\$265,000	\$270,000	\$275,000	\$280,000	\$286,000	\$291,000	\$297,000	\$303,000
Loan Balance	\$195,876	\$191,541	\$186,985	\$182,195	\$177,160	\$171,868	\$166,305	\$160,457	\$154,310	\$147,849
Loan to Value	76.81%	73.67%	70.56%	67.48%	64.42%	61.38%	58.15%	55.14%	51.96%	48.80%
Debt Service Coverage Ratio	1.35	1.37	1.40	1.43	1.45	1.48	1.51	1.54	1.57	1.60
Return on Asset	7.56%	7.71%	7.86%	8.01%	8.16%	8.32%	8.48%	8.65%	8.81%	8.99%
Before Tax Cash on Cash	8.55%	9.19%	9.84%	10.51%	11.19%	11.88%	12.59%	13.31%	14.05%	14.79%
After Tax Cash on Cash	6.84%	7.32%	7.71%	8.11%	8.51%	8.92%	9.33%	9.75%	10.17%	10.50%
Acquisition Cap Rate	7.56%									
Gross Rent Multiplier	5.14									

Cash Sale Worksheet

MORTGAGE BALANCES

MORTGAGE BALANCES										
1 End of Year:	1	2	3	4	5	6	7	8	9	10
2 Principal Balance - 1st Mortgage	\$195,876	\$191,541	\$186,985	\$182,195	\$177,160	\$171,868	\$166,305	\$160,457	\$154,310	\$147,849
3 Principal Balance - 2nd Mortgage										
4 TOTAL UNPAID BALANCE	\$195,876	\$191,541	\$186,985	\$182,195	\$177,160	\$171,868	\$166,305	\$160,457	\$154,310	\$147,849
CALCULATION OF SALE PROCEEDS										
5 END OF YEAR	1	2	3	4	5	6	7	8	9	10
6 PROJECTED SALES PRICE (Rounded to nearest 000)										\$286,000
CALCULATION OF ADJUSTED BASI	S									
7 Basis at Acquisition										\$255,000
8 +Capital Additions										
9 -Cost Recovery (Depreciation) Taken										\$51,872
10 -Basis in Partial Sales										
11 =Adjusted Basis at Sale										\$203,128
CALCULATION OF CAPITAL GAIN C	N SALE									
12 Sale Price										\$286,000
13 -Costs of Sale										\$22,880
14 -Adjusted Basis at Sale (Line 11)										\$203,128
15 -										
16 =Gain or (Loss)										\$59,992
17 -Straight Line Cost Recovery (limited to gain) (Line 9)										\$51,872
18 -Suspended Losses										
19 =Capital Gain from Appreciation										\$8,120
ITEMS TAXED AS ORDINARY INCOM	ME									
20 Unamortized Loan Fees/Costs (negative)										(\$1,200)
21 +										
22 =Ordinary Taxable Income										(\$1,200)
CALCULATION OF SALE PROCEED	S									
23 Sale Price										\$286,000
24 Cost of Sale										\$22,880
25 -Participaiton Payments on Sale										
26 -Mortgage Balance(s)										\$147,849
27 +Balance of Funded Reserves										
28 =SALE PROCEEDS BEFORE TAX										\$115,271
29 -Tax (Savings)on Ordinary Income (Line 22 x 25%)										(\$300)
30 -Tax on Cost Recovery Recapture (Line 17 x 3%)										\$1,321
31 -Tax on Capital Gain (Line 19 x 15%)										\$1,218
32 =SALE PROCEEDS AFTER TAX										\$113,032