



OWNER’S DISCRETIONARY INCOME CHECKLIST

	2024
1) OWNER’S SALARIES INCLUDING TAXES	
2) FAMILY AND FRIENDS SALARIES INCLUDING TAXES	
3) CORPORATE PROFITS	
4) PENSION & PROFIT SHARING / SHAREHOLDERS DISTRIBUTION	
5) DEPRECIATION	
6) AMORTIZATION	
7) PERSONAL LOAN PAYMENTS AND INTEREST	
8) HEALTH INSURANCE	
9) AUTO INSURANCE	
10) ANY OTHER PERSONAL INSURANCE	
11) PERSONAL VEHICLE CHARGES	
12) PERSONAL VEHICLE REPAIRS	
13) VEHICLES LEASED FOR FAMILY MEMBERS	
14) TELEPHONE AND PERSONAL COMMUNICATIONS	
15) TRAVEL & ENTERTAINMENT	
16) ANY OTHER MISCELLANEOUS NON-BUSINESS EXPENSES	
17) ANY 1 X NON-RECURRING EXPENSES	
18) EMPLOYEES NOT NECESSARY OR OVERPAID	

<i>This Total Represents Available Cash Flow To A New Owner</i>	
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When you have completed filling out this form place all your invoices, receipts and proof of payment in separate folders titled as above. Buyers will want proof of your discretionary income during the due diligence phase.
 The more organized a business is the easier it is to sell!

Instructions for Filling-Out the Owner Cash Flow Form

The Owner Cash Flow Form once complete would represent the true Owner Cash Flow for your business that is available to a buyer. Your business would generally sell for a multiple of that adjusted cash flow number at the bottom of the worksheet.

Any expense not critical to the ongoing operation of the business is a potential add-back to your Owner's Cash Flow. This can also be referred to as either Adjusted EBITDA or Sellers Discretionary Expenses or SDE. This is what you take for yourself that a new owner has the discretion to take or not take as well.

For any expense to count as an add-back on this form it must be an expense that was journalized to the Profit and Loss Statement, not to the Balance Sheet. In other words, it must be an expense that directly appears on your P/L. Corporate Profit is an item on this form so any expense that is not reducing Net Income and not found on the P/L we can't count / include to increase your cashflow and include in our business valuation.

If you have a lot of personal expenses running through the business, you can set the parameters in QuickBooks to print a detailed version of the P/L report. Now you can review / scan and highlight all the checks for this time period easily all in one place.

Please total all the items to the bottom of the Owner's Discretionary Income Checklist and return this Owner's Discretionary Income Cash flow form to me along with the other requested files. I look forward to reviewing this information together with you and discussing a fair market valuation for your business.

***Note:** Please keep a backup file of how you got the numbers you placed on the form so you can easily explain to a buyer what is on this form and where it can be found on the PL because you will need to do this during the due diligence phase.

If you have any questions, feel free to call me and I can walk you through this process and answer any questions.