



THE SELLER'S VALUATION SANITY CHECK[®]

How realistic is the value you set on your company? Use this tool to create a sale scenario. Enter the price, expected downpayment, financing and SDE cash flow. It will calculate the debt service, return on investment for the buyer's downpayment, minimum buyer salary, and any free cash flow remaining for new owner. A field whose value turns **RED** means that your scenario doesn't meet typical purchaser or lender standards.

Fill in values in **white** fields ONLY. Dark blue fields are calculated automatically.

* Required Fields

	AMOUNT	PERCENT	
SELLING PRICE	\$7,500,000	100%	*
DOWN PAYMENT	\$0	0%	*
SELLER FINANCED	\$7,500,000	100%	*
ANNUAL RATE	4.00%		* If Seller Financing is not used, enter
TERM (YEARS)			* \$0 above, and 1% for 1 year to left.
BANK FINANCED	\$0	0%	
ANNUAL RATE	1.00%		* If Bank Financing is not used, enter
TERM (YEARS)	1		* \$0 above, and 1% for 1 year to left.
OTHER FINANCED	\$0	0%	
ANNUAL RATE	1.00%		* If Other Financing is not used, enter
TERM (YEARS)	1		* \$0 above, and 1% for 1 year to left.
TOTAL	\$7,500,000	100%	VALUE MUST EQUAL 100%

CURRENT CASH FLOW	\$1,690,223	[1]	*
ANNUAL PAYMENTS TO SELLER	#NUM!		
ANNUAL PAYMENTS TO BANK	\$0	DEBT COVERAGE	#NUM!
ANNUAL PAYMENTS TO OTHER	\$0		
OWNER/MGR COMPENSATION	\$150,000	[2]	

FREE CASH FLOW	#NUM!	DOWN PAYMENT ROI	
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Free Cash Flow is the amount available annually for working capital, investment, and owner compensation after debt service. Cash flow must equal at least 125% of Debt Coverage.

[1] Seller's Discretionary Earnings (SDE) includes pre-tax profit, owner salary and benefits. Use the Cash Flow Calculator to determine SDE.

[2] Owner compensation needs vary, but most lenders set a floor of about \$100,000 annually for businesses valued at less than \$500,000, and \$150,000 annually for those worth more.