

“Quickly Approximating a Value of a Business”

Online Business Example:

SDE Formula:

Net Income: \$50,000

Adjusted Expense-

- + Amortization: \$3,000
- + Bad Debt \$1,000
- + Depreciation: \$30,000
- + Interest: \$10,000
- + Personal Meals: \$2,500
- + Officers Comp: \$60,000
- + Personal Travel: \$3,500
- + Personal Vehicle: \$12,000

=(SDE) \$172,000

(SDE) \$172,000 X (1,2,3,4,etc.)

INCOME STATEMENT Ending Dec. 31, 2019

REVENUES:	
Sales Revenue	\$500,000
Other Revenue	\$0
TOTAL REVENUE	\$500,000
Cost of Goods Sold	\$139,000
GROSS PROFIT	\$361,000
EXPENSES:	
Accounting	\$2,500
Advertising	\$25,000
Amortization	\$3,000
Bad Debt	\$1,000
Depreciation	\$30,000
Employee Payroll	\$15,000
Employee Wages	\$100,000
Entertainment	\$5,000
Insurance	\$2,000
Interest Expense	\$10,000
Meals	\$2,500
Miscellaneous	\$5,000
Officers Comp	\$60,000
Rent	\$24,000
Software	\$1,500
Telephone	\$2,500
Travel	\$3,500
Utilities	\$6,000
Web Hosting	\$500
Vehicle Expense	\$12,000
TOTAL EXPENSES	\$311,000
NET OPERATING INCOME	\$50,000
Other Income	\$0
NET INCOME	\$50,000