

Property Name 607 N. High  
 Location Duncannon  
 Type of Property \_\_\_\_\_  
 Size of Property \_\_\_\_\_ (Sq. Ft./Units)

Purpose of analysis PROJECTED APOD

Assessed/Appraised Values

Land	<u>0</u>	<u>15%</u>
Improvements	<u>0</u>	<u>85%</u>
Personal Property	<u>0</u>	<u>0%</u>
Total	<u>0</u>	<u>100%</u>

Adjusted Basis as of 10-Nov-25

## Annual Property Operating Data

Purchase Price \_\_\_\_\_  
 Plus Acquisition Costs \_\_\_\_\_  
 Plus Loan Fees/Costs \_\_\_\_\_  
 Less Mortgages \_\_\_\_\_  
 Equals Initial Investment \_\_\_\_\_

	Balance	Periodic Pmt	Pmts/Yr	Interest	Amort Period
1st	_____	_____	<u>12</u>	_____	_____
2nd	_____	_____	<u>12</u>	_____	_____

ALL FIGURES ARE ANNUAL			\$/SQ FT or \$/Unit	% of GOI		COMMENTS/FOOTNOTES
1	<b>POTENTIAL RENTAL INCOME</b>				64,800	PROJECTED Rent:
2	Less: Vacancy & Cr. Losses			( 7. % of PRI )	4,536	Apt A - \$900/month
3	<b>EFFECTIVE RENTAL INCOME</b>				60,264	Apt B - \$900/month
4	Plus: Other Income (collectable)					Apt C - \$900/month
5	<b>GROSS OPERATING INCOME</b>				60,264	Apt D - \$900/month
	OPERATING EXPENSES:					Apt E - \$900/month
7	Real Estate Taxes			5,162		Apt F - \$900/month
8	Personal Property Taxes					
9	Property Insurance			2,000		Tenant pays electric
10	Off Site Management		5.00%	3,013		Landlord pays water/sewer/trash
11	Payroll					- billed as one bill through Borought
12	Expenses/Benefits					
13	Taxes/Worker's Compensation					
14	Repairs and Maintenance		5.00%	3,013		
	Utilities:					
15	Water/Sewer/Trash			9,600		
16						
17						
18						
19	Accounting and Legal					
20	Licenses/Permits					
21	Advertising					
22	Supplies					
23	Miscellaneous Contract Services:					
24						
25						
26						
27						
28						
29	<b>TOTAL OPERATING EXPENSES</b>				22,788	
30	<b>NET OPERATING INCOME</b>				37,476	
31	Less: Annual Debt Service					
32	Less: Participation Payments					
33	Less: Leasing Commissions					
34	Less: Funded Reserves					
35	<b>CASH FLOW BEFORE TAXES</b>				\$37,476	

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 from sources we believe authoritative.

Prepared for: \_\_\_\_\_

Prepared by: \_\_\_\_\_



# Cash Flow Analysis Worksheet

Property Name 607 N. High  
 Prepared For \_\_\_\_\_  
 Prepared By \_\_\_\_\_  
 Date Prepared 10-Nov-25

Purchase Price \_\_\_\_\_  
 Plus Acquisition Costs \_\_\_\_\_  
 Plus Loan Fees/Costs \_\_\_\_\_  
 Less Mortgages \_\_\_\_\_  
 Equals Initial Investment \_\_\_\_\_

Mortgage Data			Cost Recovery Data		
	1st Mortgage	2nd Mortgage		Improvements	Personal Property
Amount			Value		
Interest Rate			C. R. Method	SL	
Amortization Period			Useful Life	39	
Loan Term			In Service Date	1-Jan-02	
Payments/Year	12	12	Date of Sale	December-06	
Periodic Payment	-	-	Recapture		
Annual Debt Service	-	-	Investment Tax		
Loan Fees/Costs			Credit (\$\$ or %)		

## Taxable Income

End of Year :      1      2      3      4      5

1 Potential Rental Income	64,800	66,744	68,746	70,809	72,933
2 -Vacancy & Credit Losses	4,536	4,672	4,812	4,957	5,105
3 =Effective Rental Income	60,264	62,072	63,934	65,852	67,828
4 +Other Income (collectable)					
5 =Gross Operating Income	60,264	62,072	63,934	65,852	67,828
6 -Operating Expenses	22,788	23,472	24,176	24,901	25,649
7 =NET OPERATING INCOME	37,476	38,600	39,758	40,951	42,179
8 -Interest - 1st Mortgage					
9 -Interest - 2nd Mortgage					
10 -Participation Payments					
11 -Cost Recovery - Improvements					
12 -Cost Recovery - Personal Property					
13 -Amortization of Loan Fees/Costs					
14 -Leasing Commissions					
15 =Real Estate Taxable Income	37,476	38,600	39,758	40,951	42,179
16 Tax Liability (Savings) at 36.0%	13,491	13,896	14,313	14,742	15,184

## Cash Flow

17 NET OPERATING INCOME (Line 7)	37,476	38,600	39,758	40,951	42,179
18 -Annual Debt Service					
19 -Participation Payments					
20 -Leasing Commissions					
21 -Funded Reserves					
22 =CASH FLOW BEFORE TAXES	37,476	38,600	39,758	40,951	42,179
23 -Tax Liability (Savings) (Line 16)	13,491	13,896	14,313	14,742	15,184
24 =CASH FLOW AFTER TAXES	\$23,984	\$24,704	\$25,445	\$26,208	\$26,995

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# Alternative Cash Sales Worksheet

Mortgage Balances					
End of Year:	1	2	3	4	5
Principal Balance - 1st Mortgage					
Principal Balance - 2nd Mortgage					
TOTAL UNPAID BALANCE					

Calculation of Sale Proceeds			
PROJECTED SALES PRICE	<u>\$482,717</u> (At 9.% cap)	<u>\$434,445</u> (At 10.% cap)	<u>\$394,950</u> (At 11.% cap)

## CALCULATION OF ADJUSTED BASIS:

1 Basis at Acquisition			
2 +Capital Additions			
3 -Cost Recovery (Depreciation) Taken			
4 -Basis in Partial Sales			
5 =Adjusted Basis at Sale			

## CALCULATION OF CAPITAL GAIN ON SALE:

6 Sale Price	<u>482,717</u>	<u>434,445</u>	<u>394,950</u>
7 -Costs of Sale	<u>33,790</u>	<u>30,411</u>	<u>27,646</u>
8 -Adjusted Basis at Sale (Line 5)			
9 -Participation Payment on Sale			
10 =Gain or (Loss)	<u>448,926</u>	<u>404,034</u>	<u>367,303</u>
11 -Straight Line Cost Recovery (limited to gain)			
12 -Suspended Losses			
13 =Capital Gain from Appreciation	<u>448,926</u>	<u>404,034</u>	<u>367,303</u>

## ITEMS TAXED AS ORDINARY INCOME:

14 Unamortized Loan Fees/Costs (negative)			
15 +			
16 =Ordinary Taxable Income			

## CALCULATION OF SALES PROCEEDS AFTER TAX:

17 Sale Price	<u>482,717</u>	<u>434,445</u>	<u>394,950</u>
18 -Cost of Sale	<u>33,790</u>	<u>30,411</u>	<u>27,646</u>
19 +Balance of Funded Reserves			
20 -Mortgage Balance(s)			
21 -Participation Payments on Sale			
22 =Sale Proceeds Before Tax	<u>448,926</u>	<u>404,034</u>	<u>367,303</u>
23 -Tax (Savings): Ordinary Income at 36% of line 16			
24 -Tax: Straight Line Recapture at 25% of line 11			
25 -Tax on Capital Gains at 15% of line 13	<u>67,339</u>	<u>60,605</u>	<u>55,096</u>
26 =SALE PROCEEDS AFTER TAX	<u>\$381,587</u>	<u>\$343,429</u>	<u>\$312,208</u>

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## BEFORE TAX

Alternative 1		Alternative 2		Alternative 3	
n	\$	n	\$	n	\$
0		0		0	
1	37,476	1	37,476	1	37,476
2	38,600	2	38,600	2	38,600
3	39,758	3	39,758	3	39,758
4	40,951	4	40,951	4	40,951
5	42,179 + 448,926	5	42,179 + 404,034	5	42,179 + 367,303
IRR= Infinite!		IRR= Infinite!		IRR= Infinite!	
NPV= #VALUE!		NPV= #VALUE!		NPV= #VALUE!	
@ Infinite!		@ Infinite!		@ Infinite!	

## AFTER TAX

Alternative 1		Alternative 2		Alternative 3	
n	\$	n	\$	n	\$
0		0		0	
1	23,984	1	23,984	1	23,984
2	24,704	2	24,704	2	24,704
3	25,445	3	25,445	3	25,445
4	26,208	4	26,208	4	26,208
5	26,995 + 381,587	5	26,995 + 343,429	5	26,995 + 312,208
IRR= Infinite!		IRR= Infinite!		IRR= Infinite!	
NPV= #VALUE!		NPV= #VALUE!		NPV= #VALUE!	
@ Infinite!		@ Infinite!		@ Infinite!	

Cap rate used on Sale = 9.0%

Cap rate on Sale = 10.0%

Cap rate on Sale = 11.0%

## Assumptions

Ordinary Income Tax Bracket            36%  
 Capital Gain Max Tax Rate            15%  
 Tax Rate on Straight Line Recapture    25%  
 Month Placed in Service:            January (from CashFlows Sheet)

	Year---->	1	2	3	4	5	6
Vacancy Rates    (enter just year 1, or each year)		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Rent Income Escalators    (enter just year 2, or each year)			3.00%	3.00%	3.00%	3.00%	3.00%
Other Income Escalator			3.00%	3.00%	3.00%	3.00%	3.00%
Expense Escalators    (enter just year 2, or each year)			3.00%	3.00%	3.00%	3.00%	3.00%

	Alternative 1	Alternative 2	Alternative 3
Cap rate used in Sale	9.00%	10.00%	11.00%
Expenses of Sale	7.00%		

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## **Overview:** (Down for more)

The template consists of five worksheets, plus this documentation worksheet. The active sheets are called APOD, CashFlows, Sales, IRR~NPV, and Assumptions. The Assumptions worksheet is where you set the "global" assumptions that permeate all the sheets: tax rates, escalation rates for income and expenses, cap rates and vacancy rates, and expenses on sale.

There are macros that allow you to view highlights that help new users fill in the blanks and avoid erasing important formulas. If you wish a template unencumbered by the macros, you may erase them, or simply go and get the "Un"-macro version from my website:

www.garytharp.com All the sheets are protected, so as to protect certain formulae that are more critical, but the protection for each sheet may be removed (except for this ReadMe sheet, which is password protected) using the drop-down menu: **Tools | Protection |**

**Unprotect Sheet**

The APOD worksheet:

Much of the data that must be input to the template resides here, and is carried over to the CashFlows worksheet. All the computations are automated. Note that if you put no number in the 'Size of Property' blank, you won't have any answers that depend on dollars-per-units information.

There are three ways to enter each expense category: by entering dollars per unit (such as dollars per square foot); by entering percentage of GOI, in the "%" column, or by just by plugging in the number in the third, "Expense", column. The Mortgage information may not be entered on the APOD, but only on the CashFlows sheet, and will carry back to the APOD.

At the minimum, entries you must make on the APOD are Purchase Price, Size of Property, INCOME and EXPENSE information.

DO NOT enter on the APOD: % of vacancy (derived from the Assumptions sheet), and mortgage information (derived from CashFlows sheet).

## CashFlows

The CashFlows worksheet derives much of its input from the APOD, although you can override that by plugging in numbers just about wherever you want. You enter the mortgage info on this sheet -- amount, rate, amortization and term, and then the payments will calculate automatically, and be posted to the APOD and SALES worksheets. Income and expenses on this worksheet will escalate in accordance with percentages you enter in the Assumptions worksheet (default is 3%), which is also where the tax brackets come from (default ordinary income is 36%). CFBT and CFAT numbers, of course, will carry over into the IRR worksheet, and the cost recovery and mortgage information, etc., is carried over to the Sales worksheet. The date you use in the "In Service Date" blank in the Cost Recovery Data box on this worksheet is used by the Assumptions worksheet to extract the "month placed in service" for amortization and cost recovery purposes. You may, of course, over-ride that number, but the two should agree always.

The Sales worksheet is pretty self-documenting. The sales price for each of the three scenarios is calculated by capping the 6th year's NOI (the sixth NOI is in a shaded cell at the end of line 7 on the CashFlows sheet.) The cap rates for each alternative are entered in the Assumptions worksheet, as is the 'cost of sale' percentage.

The IRR~NPV worksheet is just the frosting on the cake -- before and after tax IRRs on the three alternative cash sales. All the numbers derive from the CashFlows and Sales sheets, and there is nothing to input to get the IRR. The NPV for each T-bar is zero, because the default NPV formula is looking at the IRR as its discount rate. In order to discover the NPV at a different discount rate, enter that rate in the light-green box under the T-bar. (Doing so, of course, erases the formula that has it looking at the IRR, but you always know what that NPV is!)



**None of the worksheets are password-protected, except this 'readme' sheet. That means you can modify anything you like, but it also means that if you plug numbers into cells that contain formulae you will destroy the formulae. It is a good idea to save this workbook as an .xlt (i.e., excel template) file before you use it for the first time, so that you will avoid corrupting your "model" by accidentally saving it with data in place.**

**If you want to reformat to add gridlines, column and row headers, etc, just click on Tools and then Options, to customize your model (in unprotected mode).**