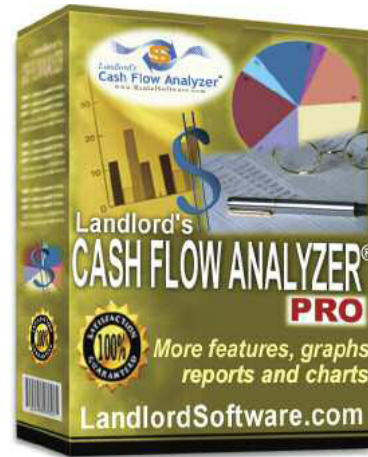


CASH FLOW ANALYZER



Cash flow analysis
for the serious
number cruncher.

Cash Flow Analyzer from LandlordSoftware.com does exactly what it says — allowing you to perform pretty much every type of cash flow analysis on your real estate transactions that you can imagine. And when we say “every type of cash flow analysis,” we mean it. The creators of CFA are accountants, and they have had 13 years — the first version of CFA was introduced in 1993 — to add whatever new ratio or report their customers have asked for.

CFA is not a software program, per se. It’s a combination of templates and macros built on top of Microsoft Excel. Even though CFA has “forms” for you to work with, if you are not experienced with spreadsheet programs, the user interface may take a little getting used to.

In this issue of Property Investor Magazine we drill home the importance of doing your homework up-front before investing in real estate... CFA is a great tool to assist in that endeavor. CFA can handle your needs whether you are investing in single family homes, apartments, commercial property, or just land. There is even a version of CFA available just for “Flippers” (this review was done using the “Landlord” version of the software).

Let’s be clear. CFA is a serious number crunching tool. It assumes you know how to work with the numbers involved in real estate investing, and you know what you are looking for. That said, LandlordSoftware — for a per-hour fee — offers a “Coaching & CPA Analysis Service” where they will review your rental property analysis with you over the phone or through email, explaining the significance of the calculations, financial ratios, and their respective purposes.

Time Period	Net Rental Income	Mortgage Payments	Rental Expenses & Improvements	Pre-Tax Cash Flow	Total Taxes	After-Tax Cash Flow	Debt Service Ratio
Initial Investment				\$ (75,000)		\$ (75,000)	
Year 1	72,960	(16,704)	(37,450)	18,806	(6,189)	12,617	2.126
Year 2	75,488	(18,223)	(38,199)	19,066	(6,382)	12,684	2.046
Year 3	78,104	(18,223)	(45,463)	14,418	(7,146)	7,272	1.791
Year 4	80,811	(18,223)	(39,742)	22,846	(8,007)	14,839	2.254
Year 5	83,612	(18,223)	(40,537)	24,852	(8,907)	15,945	2.364
Year 6	86,511	(18,223)	(41,348)	26,940	(9,844)	17,096	2.478
Year 7	89,510	(18,223)	(42,175)	29,113	(10,821)	18,291	2.598
Year 8	92,614	(18,223)	(43,018)	31,373	(11,839)	19,534	2.722
Year 9	95,826	(18,223)	(43,879)	33,725	(12,900)	20,825	2.851
Year 10	99,150	(18,223)	(44,756)	36,171	(14,004)	22,167	2.985
Year 11	102,590	(18,223)	(45,651)	38,716	(15,155)	23,560	3.125
Year 12	106,149	(18,223)	(46,564)	41,362	(16,354)	25,008	3.270
Year 13	109,832	(18,223)	(47,496)	44,114	(17,603)	26,511	3.421
Year 14	113,644	(18,223)	(48,446)	46,976	(18,903)	28,073	3.578
Year 15	117,588	(18,223)	(49,414)	49,951	(20,257)	29,694	3.741
Year 16	121,670	(18,223)	(50,403)	53,045	(21,668)	31,377	3.911
Year 17	125,894	(18,223)	(51,411)	56,260	(23,136)	33,124	4.087
Year 18	130,265	(18,223)	(52,439)	59,603	(24,666)	34,938	4.271
Year 19	134,788	(18,223)	(53,488)	63,078	(26,258)	36,820	4.461
Year 20	139,469	(18,223)	(54,558)	66,689	(27,915)	38,774	4.660

Sample "Annual Property Cash Flow" Report

CFA's biggest strengths are its thoroughness and its flexibility. Even if you are experienced at doing cash flow analysis on properties you are buying and/or renting, CFA's templates are a good way to make sure you are not forgetting anything in your calculations. And because CFA sits on top of Excel, experienced spreadsheet users can easily customize the data inputs to fit their needs. Thanks to LandlordSoftware's wise decision to allow users to "unlock" the spreadsheets, power Excel users can customize the program, and its outputs, even further. However, this is a double-edged sword, since modifying the program could also "break it" in ways where the results you get back are no longer correct.

Other nice features include:

- The form for estimating the various costs associated with rehab projects includes national averages to help guide you.
- Computes federal and state income taxes, including effects on your cash flow if your losses are limited by the passive activity rules.
- "Goal Seek" allows you to solve backwards to determine the purchase price, sales price, or the maximum rehab expenses you can incur to attain a desired return.

Capitalization Rate, Net Present Value, Cash on Cash Return and Internal Rate of Return are just a few of the ratios automatically generated for you. CFA also allows you to easily perform what-if calculations — just change one of your inputs to see what the effects would be on the bottom line. You can come at your analysis from any direction — bottoms-up, working with pre-determined ratios or working backwards from desired returns. CFA is perfect for comparing different potential investments against each other.

Cash Flow Analyzer's Main Input Form

CFA comes with an eighty-nine page online manual which could use some beefing up. There is also a basic "slideshow" tutorial to help you get an overview of how the software works and what it can do for you.

For serious number crunchers who want no-frills functionality, CFA is a powerful tool. Sure you could build your own spreadsheet, but why would you? For only \$79.95 Landlord's Cash Flow Analyzer provides functionality that would take weeks to reproduce (note: Cash Flow Analyzer for Flipper's is an additional \$79.95).

For more information about Cash Flow Analyzer, visit www.landlordsoftware.com