

June 2021 - Detailed Financial Report #78 - Net Worth \$3,001,550

Financial Independence!!!

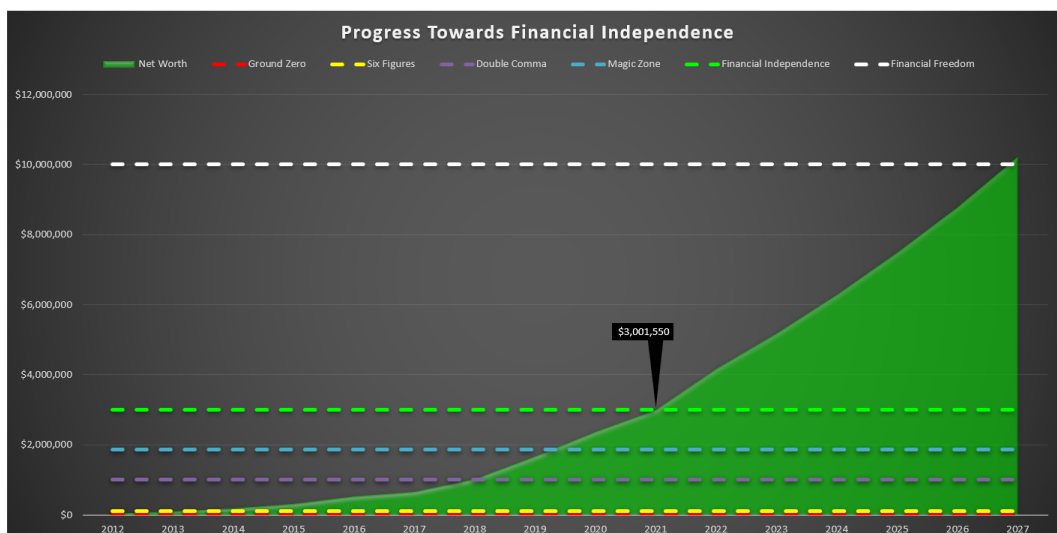
We officially hit our Financial Independence number this month as defined by the [Five Major Milestones of FI](#) that I wrote three years ago. The goal was to achieve a net worth of \$3M with the ability to spend \$120,000 per the 4% rule. That said, I'm the kind of person that never wants to touch the principal and only live off the income, so although the 4% rule says that we could spend \$120,000 a year, there are a couple of things we have to be careful to adjust for. First, not all \$3M of our current net worth is as liquid and easily spendable as it would be if it were entirely in stocks. Since I never intend to touch the principal I don't adjust our net worth to exclude our primary residence. That is where the other adjustment to this rule for the GYFG household comes in - we've deployed approximately \$1M in various cash-flowing real estate investments that will produce \$171,000 in annual income - this is currently split as \$120,000 from after-tax investments and \$51,000 in a retirement account. There is also a small amount of income from dividends but it is only about \$5,000 per year at this point.



Desired Annual Spending \$ 120,000
 Financial Independence \$ 3,000,000

Year	Net Worth
2012	\$ 42,424
2013	\$ 103,012
2014	\$ 181,364
2015	\$ 317,727
2016	\$ 527,668
2017	\$ 664,391
2018	\$ 1,012,865
2019	\$ 1,670,321
2020	\$ 2,379,441
2021	\$ 3,001,550
2022	\$ 4,163,511
2023	\$ 5,179,155
2024	\$ 6,286,050
2025	\$ 7,491,497
2026	\$ 8,803,380
2027	\$ 10,230,213

Your FI number is based on the 4% rule, which defines FI at the point your Net Worth Reaches 25X your desired annual spending.



This is a HUGE milestone to celebrate but we are still only 30% to our ultimate goal of Financial Freedom - a \$10M net worth. The good news is that we continue to stay

far ahead of [our original projections](#) on both income and net worth. We originally didn't project hitting a \$10M net worth until we were 48 in 2035 but we are now projecting that in 2027 (as shown in the above graphic). And this is before accounting for a likely liquidity event in the near future that would allow us to realize a good portion of the phantom net worth I'm carrying below.

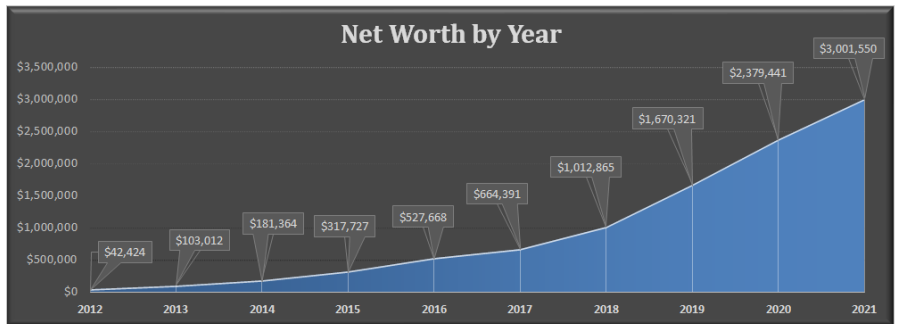
With that, let's dive into the financial update, and go through the details of what allows the GYFG family to live well and give well.

Financial Dashboard

I remember when I first created this financial dashboard back in 2015 and how [that first update](#) I shared had us at less than 2% of the way to our \$10M goal. Here we are, six years later, we are 30% of the way there. The most astonishing thing to me is the compound annual growth rate (CAGR) we have been able to maintain since 2012. Our income has grown at a robust 25.4% CAGR. Even more mind-blowing is that our net worth has been compounding at a 65.1% CAGR during that same time period.

NET WORTH TRENDS

Year	Actual Net Worth	YoY % Change
2012	\$ 42,424	
2013	\$ 103,012	143%
2014	\$ 181,364	76%
2015	\$ 317,727	75%
2016	\$ 527,668	66%
2017	\$ 664,391	26%
2018	\$ 1,012,865	52%
2019	\$ 1,670,321	65%
2020	\$ 2,379,441	42%
2021	\$ 3,001,550	26%
2022		
2023		
2024		
2025		



TOTAL ASSETS	\$	3,305,915
TOTAL LIABILITIES	\$	(304,365)
NET WORTH	\$	3,001,550

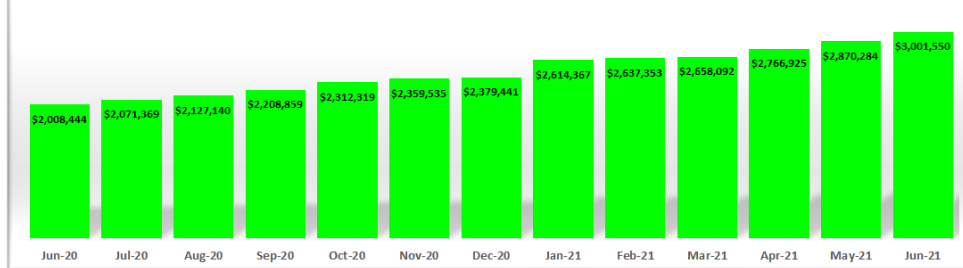
Goal: \$10,000,000 by January 31, 2035



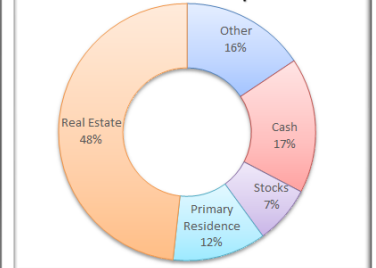
30.0% Of Net Worth Goal

Everyone has a number and ours is \$10,000,000

Net Worth TTM

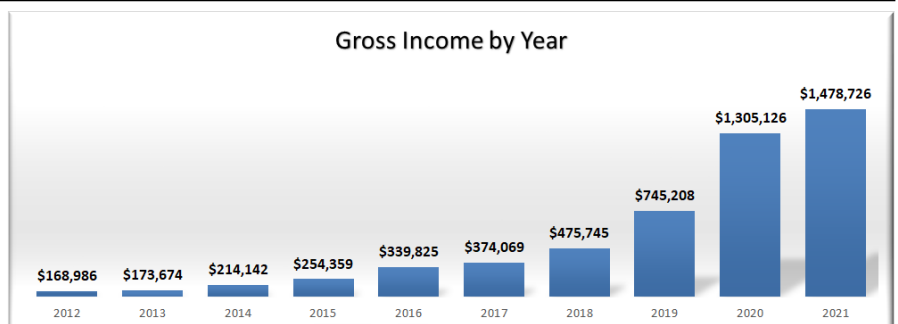


Net Worth Split



GROSS INCOME TRENDS

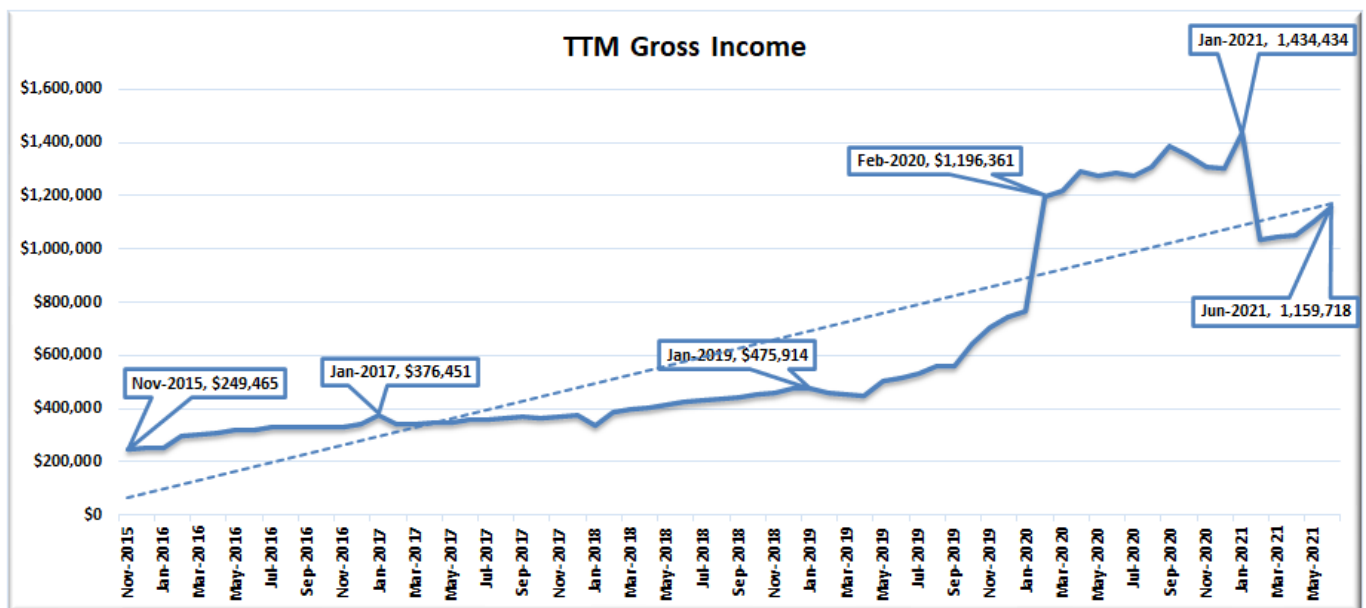
Year	Gross Income	YoY % Change
2012	\$ 168,986	
2013	\$ 173,674	3%
2014	\$ 214,142	23%
2015	\$ 254,359	19%
2016	\$ 339,825	34%
2017	\$ 374,069	10%
2018	\$ 475,745	27%
2019	\$ 745,208	57%
2020	\$ 1,305,126	75%
2021	\$ 1,478,726	13%
2022		
2023		
2024		
2025		



Note: I've finally got the confidence to forecast an income in 2021 that will be higher than what we earned in 2020. That is even after accounting for the large \$415,000 capital gain we had in February of 2020. A large part of this increase is coming from Mrs. GYFG who is absolutely killing it in Real Estate. The other is based on a little more visibility that I've gained in the performance of my business through the end of the year. Nothing is guaranteed but I have a strong level of confidence that we can hit this forecast income figure.

TTM Gross Income

The income figure I like to track most is our Trailing Twelve Month (TTM) gross income. After falling off a cliff in February we continue to climb towards our previous peak in January of 2021. Our income continues to climb towards the previous peak and we are tracking to not only exceed our 2020 annual income but also to surpass our all-time high set in January of this year.



Net Worth

Current Net Worth: \$3,001,550 (up \$622,109 or +26.1% for 2021)

Previous month: \$2,870,284

Difference: +\$131,266

A fairly large portion of our net worth only gets re-valued periodically and I currently think our net worth is understated, which means we will periodically have large and lumpy changes to it. One of the drivers for the larger increase this month was moving up the value of our primary residence to be more reflective of market prices as we think about listing our home for sale in the near future (that accounted for \$50,000 of the increase this month).

Note: I'm still not holding a value for my business in my net worth. As I've spent more time shopping my business around to potential suitors I've decided to move back to a 5X multiple as this is the high probability multiple for us (confirmed by an offer in hand). As much as I and my partners were hopeful for a larger multiple, there is a reason I held a 5X multiple internally and this is because of the deals I've personally been involved in during my Corporate days. I'm hesitant to hold a value in my net worth for this until we achieve a liquidity event. That being said, I'm holding a "Potential Net Worth" figure as I think we will likely achieve a liquidity event in the next 6 months (down from the 12-18 months I previously estimated).

Potential Net Worth: \$6,001,550

^This values the business at 5X EBITDA implying a value of \$5M in total Economic Value (EV). I then multiplied the EV by my fully diluted ownership stake of 60%, which potentially adds \$3,000,000 to our net worth.

Net Worth Break Down:

Real Estate (48%) - This is a mixture of private placement deals, equity, debt, and crowdfunding.

Primary Residence (11%) - I decided to split this out on its own because it is something I do want to manage separately from our overall holdings in Real Estate. Our primary residence currently makes up 11% of our total net worth (down from 23% in September 2020) due to a cash-out refinance (locking in 2.8675% for 30 years) that put a mortgage back on the property. I expect the concentration to continue its downward trend until we move into our new house in January of 2022.

Net Cash (17%) - We currently have \$519,000 in cash vs. \$506,000 last month.

Alternatives/Other (16%) - This is a catch-all category that captures our investments in the following: [life settlements](#), a [special purpose acquisition company](#) (SPAC), a private investment in the Robinhood trading platform, Bitcoin, and the newest addition of Bowery Farming - a vertical farming company that recently closed [a \\$300M in a Series C funding round](#) that I was lucky enough to participate in.

Stocks (7%) - Our 401K accounts are maxed out and we don't have any new investment planned here for the year. The only thing that could tick this up is when we get the shares from a SPAC that we participated in that currently sits in the alternatives bucket above.

Total Capital Deployed in 2021:

Investment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dividends / Interest	401K Matches	2019	% Split
Gross Deployments																
Real Estate - Hotel	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	8.4%
Real Estate - Commercial Office	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	4.2%
Real Estate - Industrial (Cannabis)	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	12.7%
Real Estate - Industrial (Warehouse/Distribution)	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	8.4%
Consumer Products - Snax Sational	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	8.4%
Bowery Farming	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	8.4%
Bitcoin	\$ -	\$ 100,000	\$ -	\$ -	\$ 37,059	\$ 62,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	33.8%
Short SPY Puts	\$ -	\$ 6,300	\$ 4,158	\$ (2,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,958	1.3%
Stocks - Index Funds (401K/IRA)	\$ 10,935	\$ 54,030	\$ 11,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,405	12.9%
Stocks - Index Funds (After-Tax)	\$ 4,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	1.4%
Gross Deployments	\$ 64,935	\$ 239,330	\$ 15,598	\$ 72,500	\$ 87,059	\$ 62,941	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,363	100.0%
Gross Liquidations																
PeerStreet Self-Directed IRA	\$ -	\$ (37,400)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (37,400)	58.0%
Stocks - Index Funds (After-Tax)	\$ -	\$ (22,387)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,387)	34.7%
Sold Short SPY Puts	\$ -	\$ (4,700)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,700)	7.3%
Gross Liquidations	\$ -	\$ (64,487)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (64,487)	100.0%
Net Deployment	\$ 64,935	\$ 174,843	\$ 15,598	\$ 72,500	\$ 87,059	\$ 62,941	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 527,876	n/a

This month we deployed an additional \$62,941 into acquiring additional BTC during its continued decline. This currently makes up 6.67% of our net worth and we are comfortable with an allocation of up to 10%. That's the only capital we deployed in June but we did commit another \$50,000 for July deployment for another industrial real estate deal with projected 18% CoC returns.

There are a number of liquidity events that I'm expecting later this year:

(1) \$75,000 hard money loan at 10%. The original loan was for \$150,000 and was made back in November of 2019. Half of it was paid back six months ago and I expect the remainder sometime in the next couple of months as the last property securing the loan is currently being listed for sale.

(2) Robinhood Investment. I invested in a round led by Sequoia Capital at a \$8.3B valuation back in July of 2020. [The last round they raised in August 2020 was at an 11.2B valuation.](#) They announced that they would be filing for an IPO in 2021 and some of the chatter is that it [could go public at a \\$40B valuation.](#) I'm not going to make F-U Money but my \$10,000 could turn into \$40,000+. Only time will tell.

(3) Life Settlement Policies. I invested \$70,000 across seven policies in late 2017 and early 2018. Four of those policies are now past the expected maturity date. I've had to make several capital calls to keep the policy active as the insureds have lived past the expected life spans. If all four policies payout this year, I will receive \$59,300 on an original investment of \$40,000.

(4) \$38,000 in maturing hard money loans made [on the PeerStreet platform](#). The volume has been significantly less since the Pandemic hit and of the new loans being added to the platform, not many have been matching my criteria of a max 60% LTV and 8% interest rate. Therefore, I have been transferring money out of the two accounts with PeerStreet as the notes mature. On top of that, the majority of my remaining notes are in some form of default.

I could see a continued deployment of capital in the range of \$25,000 to \$50,000 per month for the remainder of the year (mostly real estate and/or alternatives). That said, it also depends on the timing of our remodel and its cash needs, while maintaining a comfortable cash cushion.

Closing Thoughts

First, I can't believe it is already July. I'm excited and very nervous for the future months ahead with so many important events on the horizon:

- (1) We get to welcome our daughter into the world sometime in early September.
- (2) If all goes according to plan we should be realizing massive liquidity from selling some equity in my business.
- (3) We've officially started remodeling the new house to prepare it for moving in some time between 10/2021 and 1/2022.
- (4) Once we have better visibility on #3 above, we will be preparing to list and sell our current home.
- (5) I turn 35 this year - WTF?!?

My goal is to not rush through the summer even though my innate thought process

is "I can't wait to get through September and then things will settle down." Do things ever really settle down? M Maybe I just don't know how to settle down. Until recently that was probably because I wasn't ready for a different pace of life. I was consumed with achievement but this year will mark a HUGE inflection point for me and my family. I believe 2021 is shaping up to be the climax for the last decade-plus of head down focus and dedication. We've already started loosening the purse strings and now it's time to make a significant shift in how we spend our time.

I'm excited to really [evolve into the person I wrote about becoming in the last letter I wrote to myself](#) from ten years in the future.

- Gen Y Finance Guy



Gen Y Finance Guy

Hey, I'm Dom - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)