

December 2021 - Detailed Financial Report #84 - Net Worth \$7,586,316

Happy New Year!

Not only is this the last report of 2022 it is the last monthly report I will ever publish. As I mentioned last month, going forward I will be moving to a quarterly update schedule to make time for other things (potential posts on other topics). I've published a report every month for seven years and it feels like it's time to change it up a bit. I'm making lots of changes in my life:

- The GYFG family officially moved into our new house in wine country. We are on five acres and the possibilities are endless.
- After a [decade-plus of grinding out long hours](#), I will now only allocate 40 hours a week for work. This change actually began in early 2021.
- I'm not going to set any new financial goals. I'm confident we will not only hit [our \\$10M goal](#) but we will eventually exceed it. I will still be very active in managing my family's wealth but I will not be raising a bar that would result in stealing time away from family.
- A few years back I started making goals in four major buckets: Finance, Family, Fitness, and Fun. Going forward I'm dropping Finance (as mentioned above) and will be allocating a lot of time and attention to the other three - it's time to enjoy the fruits of our labor because [wealth is just a tool](#) to acquire optionality to live life by our design.

I'm writing this post as I wrap up the three weeks I took off to enjoy the holidays with family, recover from a wicked year, and transition to our new home and life. This break was desperately needed and we have already planned several other vacations over the next several months. The plan is to take at least one week off a quarter at the bare minimum. Mrs. GYFG and I are also leveraging our super planning skills to fill our calendar with lots of personal and family events. We've always been religious about the calendar but instead of filling it with mostly work events, we are taking that discipline to fill it with a disproportionate amount of time allocated to fitness, family, and fun.

With all that said, let's dive into the financial update, and go through the details of

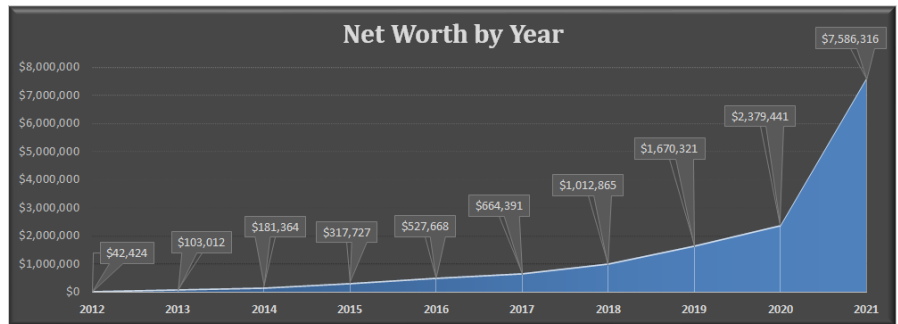
this month's update.

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, seven years later, 75.9% 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 35% CAGR. Even more mind-blowing is that our net worth has been compounding at a 77.9% 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	\$ 7,586,316	219%
2022		
2023		
2024		
2025		



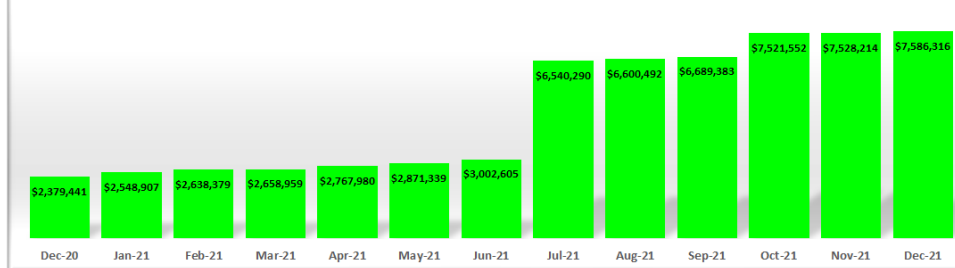
TOTAL ASSETS	\$ 7,900,070
TOTAL LIABILITIES	\$ (313,754)
NET WORTH	\$ 7,586,316

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

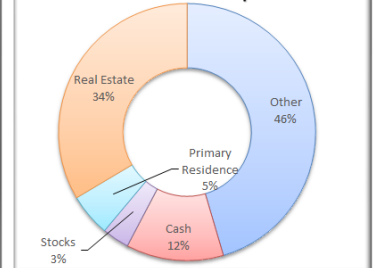
75.9% Of Net Worth Goal

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

Net Worth TTM

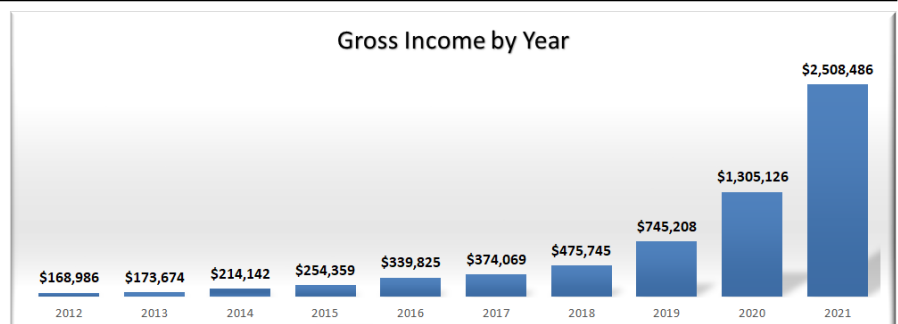


Net Worth Split



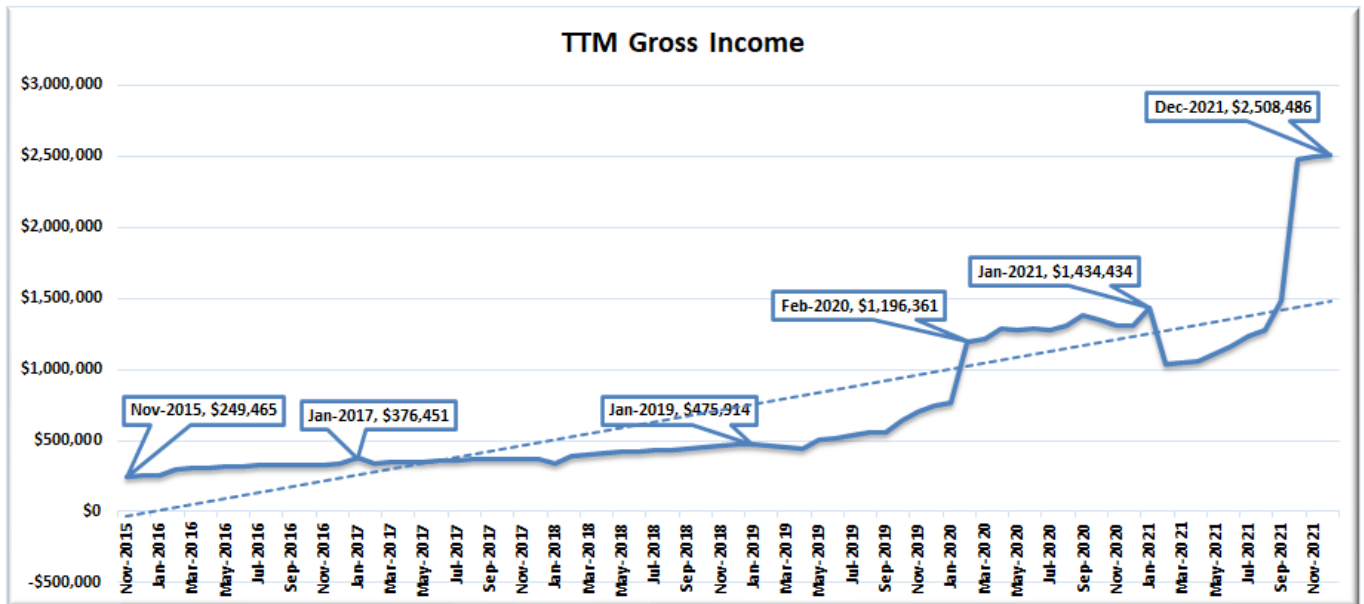
GROSS INCOME TRENDS

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	\$ 2,508,486	92%
2022		
2023		
2024		
2025		



TTM Gross Income

The income figure I like to track most is our Trailing Twelve Month (TTM) gross income. I expect to hit another all-time-high in January that will take the TTM north of \$3,000,000 where it will likely stay until October of 2022 before an extended decline unless something else not on my radar happens to change that outcome (I wonder what kind of x-factor may be on the horizon).



Note: The reason I know that our TTM will be north of \$3,000,000 in January is that I receive another seven-figure payment related to the sale of my business, with the final payment (almost seven figures) coming in October of 2022.

Net Worth

Current Net Worth: \$7,586,316 (up \$5,206,876 or +218.8% for 2021)

Previous month: \$7,528,214

Difference: +\$58,102

The majority of our net worth that isn't cash or stocks only gets re-valued periodically and even after making some updates this month, our net worth continues to be understated, which means we will periodically have large and lumpy changes to it. To further punctuate this, I have \$1.7M in investments that are being held at book value.

Net Worth Break Down:

Real Estate (34%) - This is a mixture of private placement deals, equity, debt, and crowdfunding.

Primary Residence (5%) - 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 5% of our total net worth (down from 23% in September 2020). I expect the concentration to continue its downward trend until we move into our new house in January of 2022 (we just completed the kitchen remodel and have painters scheduled for mid-November.) I need to update this in the next report and I expect this to grow from 5% to ~12%.

Net Cash (12%) - We currently have \$973,180 in cash vs. \$1,047,893 last month. I no longer expect this to double in January to approximately \$2M because I have already made commitments for the majority of the \$1M I have already received (since I'm writing this in January of 2022).

Alternatives/Other (46%) - 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, Crypto, Bowery Farming - a vertical farming company, and Cannabis-related investments. This also includes the value of the equity I still own in my business - including the remaining sale proceeds I have yet to receive (the next payment comes in January).

Stocks (3%) - With a new year upon us, we will be eligible to start contributing to our 401Ks again and we will plan to have them maxed out by end of Q1 and the new contribution limit is \$20,500 so that means \$41,000 in fresh capital committed here. Additionally, we will be receiving our shares from the Robinhood IPO and the shares from the SPAC we participated in (\$65,000 to \$100,000 worth of stock value). Lastly, I also have some cash sitting idle in a self-directed IRA that I plan to move over to my Betterment IRA account to deploy in stocks.

Note: I'm noticing that I am biased towards investing in illiquid assets and that is because I like the forced discipline they bring to the table. I continue to see a lack of liquidity as a benefit, not a bug...as long as you can maintain the right amount of liquidity in terms of monthly cash flow and cash in the bank. It's funny because in my original \$10M blueprint I had projected stocks making up ~60% of net worth, but that obviously isn't the case as my current allocation is only 5% of that target. I do think the stock allocation will increase over time but I have a hard time seeing it getting anywhere close to 60% at my current vantage point.

Total Capital Deployed in 2021:

Investment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dividends / Interest / Rent	401K Matches	2021	% Split
Gross Deployments																
Real Estate - CATCH ALL RENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,242	\$ -	\$ 40,242	2.8%
Real Estate - Hotel	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 100,000	7.0%
Real Estate - Multi-Family	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	1.8%
Real Estate - Mixed Use	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 75,000	5.3%
Real Estate - Commercial Office	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	5.3%
Real Estate - Industrial (Cannabis)	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	5.3%
Real Estate - Industrial (Warehouse/Distribution)	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	3.5%
Real Estate - Opportunity Zone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000	10.6%
Real Estate Debt Hedge Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ 240,000	16.9%
Jane (Cannabis Digital Platform)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	1.1%
Land Conservation Easment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,000	\$ -	\$ -	\$ -	\$ 85,000	6.0%
Cannabis Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,500	\$ -	\$ -	\$ -	\$ 87,500	6.2%
Consumer Products - Snax Sational	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	3.5%
Bowery Farming	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	3.5%
Bitcoin	\$ -	\$ 100,000	\$ -	\$ -	\$ 37,059	\$ 62,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	14.1%
Short SPY Puts	\$ -	\$ 6,300	\$ 4,158	\$ (2,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,958	0.6%
Stocks - Index Funds (401K/IRA)	\$ 10,935	\$ 54,030	\$ 11,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 686	\$ 9,587	\$ 86,678	6.1%
Stocks - Index Funds (After-Tax)	\$ 4,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	0.6%
Gross Deployments	\$ 64,935	\$ 239,330	\$ 15,598	\$ 72,500	\$ 87,059	\$ 62,941	\$ 100,000	\$ 25,000	\$ 40,000	\$ 390,000	\$ 222,500	\$ 50,000	\$ 40,928	\$ 9,587	\$ 1,420,378	100.0%
Gross Liquidations																
PeerStreet Self-Directed IRA	\$ -	\$ (37,400)	\$ -	\$ -	\$ -	\$ -	\$ (9,957)	\$ -	\$ -	\$ -	\$ (17,390)	\$ -	\$ -	\$ -	\$ (64,747)	38.8%
Hard Money Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (75,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (75,000)	45.0%
Stocks - Index Funds (After-Tax)	\$ -	\$ (22,387)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,387)	13.4%
Sold Short SPY Puts	\$ -	\$ (4,700)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,700)	2.8%
Gross Liquidations	\$ -	\$ (64,487)	\$ -	\$ -	\$ -	\$ -	\$ (84,957)	\$ -	\$ -	\$ -	\$ (17,390)	\$ -	\$ -	\$ -	\$ (166,834)	100.0%
Net Deployment	\$ 64,935	\$ 174,843	\$ 15,598	\$ 72,500	\$ 87,059	\$ 62,941	\$ 15,043	\$ 25,000	\$ 40,000	\$ 390,000	\$ 205,110	\$ 50,000	\$ 40,928	\$ 9,587	\$ 1,253,544	n/a

It has been an amazing year for capital deployment. Every time I make an investment I liken it to planting seeds that will one day yield a future liquidity event (size unknown). I started tracking my capital deployed back in 2018 and I want to summarize it here to memorialize just how far we've come in our ability to produce net cash flow for deployment into investments:

Year	Gross Deployment	Liquidations	Net Deployments	YoY
2018	414,692	-	414,692	n/a
2019	384,895	-	384,895	-7.2%
2020	1,623,014	(987,303)	635,711	65.2%
2021	1,420,378	(166,834)	1,253,544	97.2%
2022 F	2,000,000	(300,000)	1,700,000	35.6%
Total	5,842,978	(1,454,137)	4,388,841	n/a

If you sub-total 2018 through 2021 you will see we deployed a gross \$3.8M and a net \$2.7M. I added in 2022 because based on the visibility I currently have on our income situation for 2022, I expect to be able to deploy an additional \$2M gross and although I don't know of any specific liquidations, I'm guessing something will pop

up.

My Best Investment I Ever Made

One of the things I love about blogging most is the historical reference points left in the posts I publish. [I started a business in early 2019](#) with the full intention of selling it. Some people dream of building a business that they run and then pass on to the next generation. The business I created was built to sell from inception to help accelerate [my big hairy audacious goal of achieving a \\$10,000,000 net worth](#). The original goal was to accomplish this in 20 years or by the time I was 48. Fortunately, that has proven to be a very conservative timeline based on the current trajectory.

I say fortunately because my priorities have started to change significantly since starting a family. My wife and I [intentionally waited to have kids](#) because we both had certain professional and financial ambitions we wanted to accomplish first. Self-awareness has been one of my greatest strengths and I knew early that in order to be the dad I wanted to be I had to satisfy the serial achiever in me. I also had a vision for a certain lifestyle that I wanted to be able to provide for my family and I count myself lucky that I found a partner that was willing to make sacrifices in the short term to achieve our ideal lifestyle.

I've been waiting to share this since starting the business 34 months ago. If I'm honest, I thought it would take longer to reach this point, but here we are. A couple of years ago I wrote about how [you could get rich working for someone else](#) but the quickest way to build wealth is through equity. I've been fortunate to have the opportunity to acquire equity in both of my two prior employers before going off on my own. Although I was grateful for the opportunity, it was never material enough to create the kind of wealth I wanted on such a short timeline. I may have publicly published a 20-year goal but that was only to make what seemed like a crazy goal at the time seem more realistic. As soon as I shared that goal, I immediately and obsessively went to work trying to figure out ways to accelerate the timeline.

There are a few major drivers that allowed me to turn such a small investment into such a large valuation:

- I recruited my smartest most talented friends.

- I then gave them 40% of the company.
- I spent six years building up enough career capital that allowed me to convert my previous employer into a very large annuity and anchor client.
- I said yes a lot!
- I lived outside my comfort zone for 32 consecutive months (the amount of time that elapsed from start to sale) and did whatever it took to keep the business growing.

Many of the books I read and the mentors I talked to advised me not to give too much equity too soon. In fact, I was told many times that I should wait at least three to five years before I did. I was told that the biggest mistake that founders make is that they give away too much equity too soon. My dilemma was that I needed force multipliers to help me grow the business fast enough to achieve an exit in five years so I decided to ignore the advice. I was also advised to not go into business with friends or family. Ignored that as well.

I needed partners that thought like business owners and not like employees. Could I have achieved the same result had I not given out so much equity? Maybe...but I doubt it. I needed to create a compelling story and vision to convince my friends to take a risk to join me in building something special and part of that story was the upside of the equity.

The Return Before Dividends/Profit Distribution

Note: This first calculation only calculates the Compound Annual Growth Rate based on the valuation of the business.

Initial Investment = \$267.42 (the business was self-funded after this initial investment)

Exit Valuation = \$6,750,000

Duration = 32 Months

Compound Annual Growth Rate = 4,375%

The Return Including Dividends/Profit Distribution

That CAGR above is incredible but it excludes almost \$2M in dividends or profit distributions over the 32 months.

Dividends = \$1,924,345.23

Compound Annual Growth Rate = 4,816%

The above is conservative as it assumes dividends were paid at end of 32 months but were actually paid quarterly and sometimes monthly.

Total Return

3,243,616%

My Personal Value

\$5,890,225 (\$4,540,225 extracted in compensation, dividends, and the liquidity event)

That said, I still personally own 20% of the company and I'm entitled to 20% of the profits, a very nice comp package, and a guaranteed exit in 5 years that should only make these numbers look even better. This memorializes the outcome to date but as you will read below I'm thinking about writing a monster post or a series of more digestible posts that walk through how I started, scaled, and sold the business.

Closing Thoughts

Like many, I'm hoping that 2022 will mark the year that COVID is behind us and we can get on with life. Either way, I plan to live life to the fullest this next year regardless of what happens with COVID, inflation, and politics. I've got growing kids and an awesome new house on property to keep the GYFG family plenty busy and entertained in 2022. We just hope to share our home with friends and extended family to enrich the memories we plan to make in 2022 and beyond.

A couple of posts I think would be fun and interesting to write (and hopefully read based on your feedback) are:

- A post on some of the tax strategies I use that help maximize the amount of

income the GYFG family gets to keep. I'm a big believer in the mantra of "it's not how much you make but how much you keep" that counts. I think that everyone should optimize their tax position to pay the legal minimum - not a penny less or a penny more. It all starts with leveraging the incentives that the government has written into the tax code - they are literally trying to save you money on taxes if you take the right actions. I also suggest working with a really good CPA that is connected with lots of other financial professionals.

- A post diving into each major net worth category and the investments that make up each allocation - there is a lot to unpack here.
- One or a series of posts on how I started, scaled, and sold my business.

I'd love to hear how your year was and what big plans you have for 2022 in the comments below.

Cheers,

- 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](#)

