

Q2 2022 - Detailed Financial Report #86 - Net Worth \$7,948,365

Another quarter in the rear view mirror and that means a new financial report. Our net worth did end slightly lower (-0.70%) for Q2'22 vs. Q1'22 but in relation to the rest of the market, it's hard to be upset with a relatively flat month. There was one major surprise that significantly offset the decline we would have experienced and that was picking up the value of Mrs. GYFGs business, which we are holding at the value of cash on the balance sheet - approximately \$225,000.

The other two factors that helped keep our net worth from sinking too much when many assets were falling off a cliff are:

- (1) Our strong earnings engine produced almost \$300,000 in income for the quarter.
- (2) The \$2M portion of net worth that has investments being held at book value. This is actually \$3.6M if you include our primary residence.

As you'll read about in the capital deployments section, we did take advantage of the volatility and declining asset values to deploy \$316,693 into new investments.

Let's dive in!

Financial Dashboard

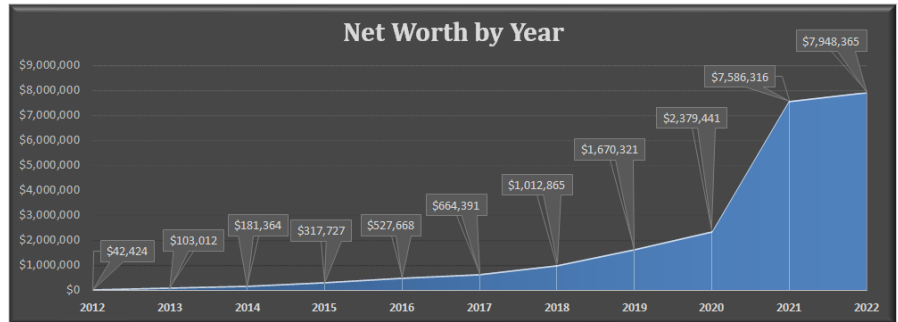
I remember when I first created this financial dashboard back in 2015 and how [that first update](#) I shared had us at less than 2% of the way to our \$10M goal. Here we are, seven years later, ~80% of the way there. The most astonishing thing to me is the compound annual growth rate (CAGR) we have been able to maintain since 2012. Our income has grown at a robust ~40% CAGR. Even more mind-blowing is that our net worth has been compounding at a ~74% CAGR during that same time period. From the end of 2012 through March of 2022, **we've grown our net worth by 18,636%**.

To put that in perspective, our net worth has doubled more than eight times in the last decade! AND 80% of the net worth increases (~\$7.9M) between December 2012 and March 2022 have happened in the last three years, which also happens to align with when I started my business. The magic of owning a business is that you get to quadruple-dip, enjoying a salary, profit distributions, and a more tax-efficient life, while at the same time building equity based on some multiple - on revenue or profits depending on what industry you're in - of past results (adjusted with some assumptions of future performance in relation to past performance).

For example, let's say you have a consulting business that generates \$1M a year in profits and that you've been running it for at least three years. During your tenure of running the business, you paid yourself a \$250,000/year salary and you own 100% of the company so you get to reap all the profits every year (ignoring working capital needs for this example). Also to simplify the example let's assume that from day one that you were generating \$1M a year in profits. So, over three years you got to enjoy \$750,000 in cumulative compensation in the form of salary and \$3M in profit distributions for a total of \$3,750,000. That by itself is a pretty sweet deal...but that's not all of the sweetness. Your business now is established with three years of history and has further value for you to extract. Multiples are all over the place but let's assume that you find an interested buyer and they are willing to value your business at 5X profit. All of a sudden you now have another \$5M if you decide to sell. There are an infinite number of permutations to this example but I think you get the point of how owning a business allows you to double-dip...and the importance of setting it up right from the beginning with all these considerations in mind, including a potential exit.

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	\$ 7,948,365	5%
2023		
2024		
2025		



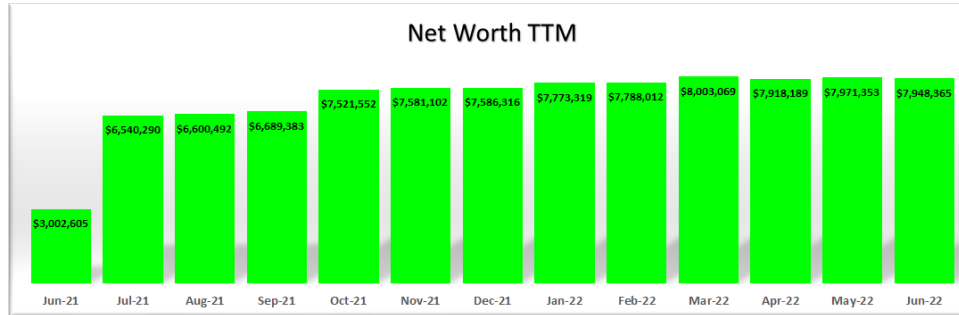
TOTAL ASSETS	\$	7,956,212
TOTAL LIABILITIES	\$	(7,847)
NET WORTH	\$	7,948,365

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

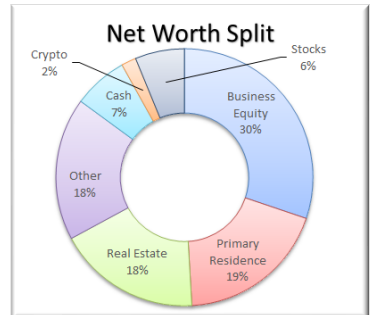
79.5% Of Net Worth Goal

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

Net Worth TTM

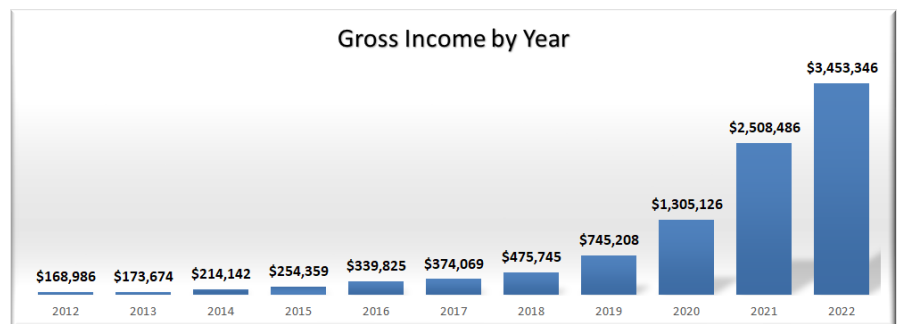


Net Worth Split



GROSS INCOME TRENDS

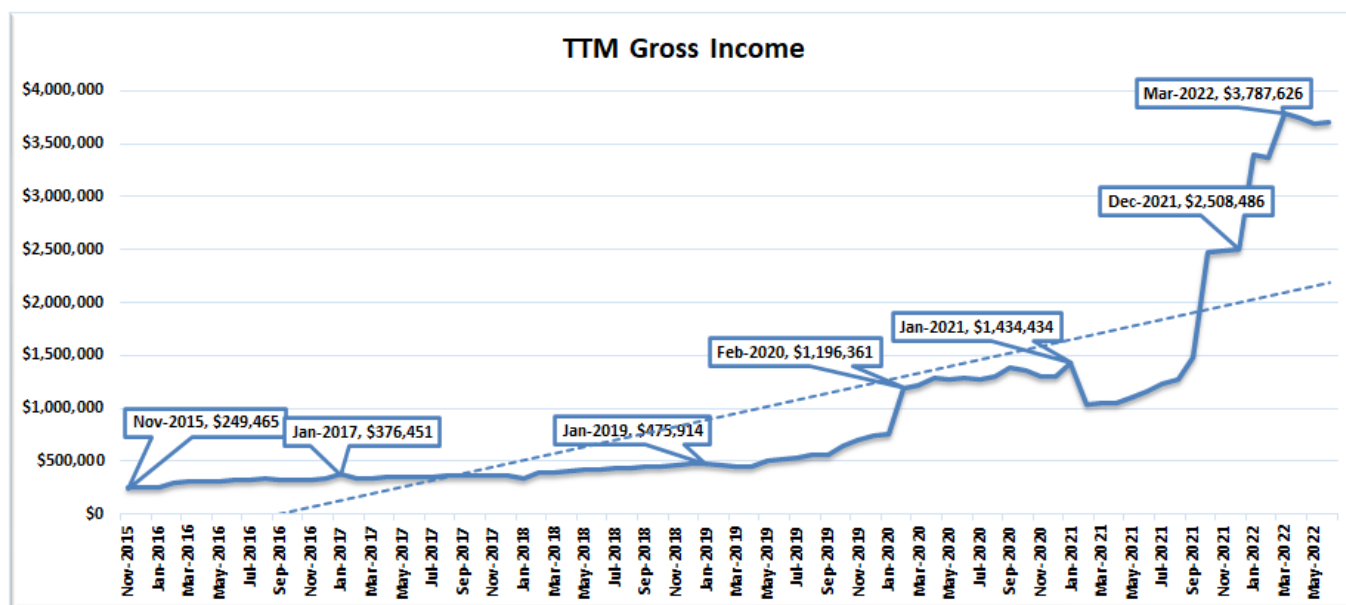
Year	Gross Income	YoY % Change
2012	\$ 168,986	
2013	\$ 173,674	3%
2014	\$ 214,142	23%
2015	\$ 254,359	19%
2016	\$ 339,825	34%
2017	\$ 374,069	10%
2018	\$ 475,745	27%
2019	\$ 745,208	57%
2020	\$ 1,305,126	75%
2021	\$ 2,508,486	92%
2022	\$ 3,453,346	38%
2023		
2024		
2025		



TTM Gross Income

The income figure I like to track most is our Trailing Twelve Month (TTM) gross income. I expect to make one more all-time-high in September (currently forecasting a \$4M peak) when I receive the final payment for the sale of my business last year 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). Mrs. GYFG and I were having an interesting conversation about our income expectations for 2023 that would have sounded ridiculous to anyone else listening in...we realized that our income was going to drop substantially from the last two years but that we would still likely be able to realize a low seven-figure income in 2023.



Net Worth

Current Net Worth: \$7,948,365 (up \$362,049 or +4.8% for 2022)

Previous Quarter: \$8,003,069

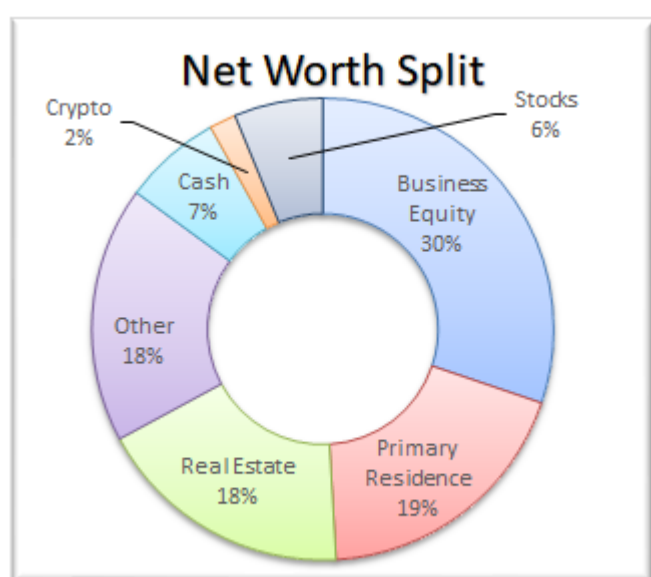
Difference: **(\$54,704)**

Given the latest declines in the market, I'm rather happy that although our net worth was down 0.7% for the quarter it is still up 4.8% for the year. So far it has been equities and crypto that have experienced the most painful declines this past quarter officially trading into bear market territory (>20% declines). As you'll read in the capital deployment section below, we used this as an opportunity to get great exposure to equities increasing it from 3% to 6% of our portfolio.

The majority of our net worth that isn't cash or stocks only gets re-valued

periodically and we fully expect to periodically have large and lumpy changes up or down. To further punctuate this, I have ~\$2M in investments that are being held at book value (\$3.6M if you include our primary residence).

Net Worth Break Down:



For those that missed my last post, I shared a more [detailed deep dive](#) into what actually makes up the seven major categories reported below.

Real Estate (18%) - This is a mixture of private placement deals, equity, debt, and crowdfunding.

Primary Residence (19%) - Since late 2020 we have now plowed \$1M of cash into this home and our portion is currently worth ~\$1.5M. We expect to spend an additional \$200,000 to finish up our list of renovations this year.

Net Cash (7%) - We currently have \$553,947 in cash vs. \$684,681 last quarter-end. About 45% of this cash is spoken for:

- We made a \$250,000 capital commitment late last year for a Cannabis-related fund and still have \$100,000 of uncalled capital that will be called throughout the year.

- We still expect to spend an additional \$150K in home improvements.
- Although we think we are covered, the personal tax deadline is right around the corner and we want to be prepared in the event that we made any miscalculations.

That said, we do expect the cash to jump to 17% of total net worth by the end of September.

Alternatives/Other (18%) - This is a catch-all category that captures our investments in the following: [life settlements](#), Bowery Farming - a vertical farming company, Private Equity Fund, a Wine Village, and Cannabis-related investments.

Business Equity (30%) - This 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 September). It also includes the accumulated profits owed to me that have yet to be distributed and show up in a capital account on the balance sheet. The business makes quarterly distributions but only ~50% of the prior quarter's earnings. I expect this to drop to 20% of net worth by the end of Q3 due to the third and final installment of the sale last year. It's really a balance sheet transfer between business equity and cash.

Crypto (2%) - This is 100% Bitcoin.

Stocks (6%) - This is up 100% vs. last quarter at 6% vs. 3%. We will continue to increase this allocation as we move throughout 2022 (the goal is to end 2022 in the range of 5-10% - on the higher end if prices continue to fall).

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 10% 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 2022:

Investment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dividends / Interest / Rent	401K Matches	2022	% Split
Gross Deployments																
Local Wineries	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	17.6%
i-Bonds @ 9.62%	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	2.8%
Paid Off 2 Mortgages	\$ -	\$ -	\$ 684,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 684,000	48.2%
Bonaccord Private Equity Fund I	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	7.0%
Asia Debt Fund	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	1.8%
Solar Investment	\$ 720,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 720,000	50.7%
Real Estate - Multi-Family	\$ -	\$ -	\$ -	\$ -	\$ 28,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,313	2.0%
Real Estate - Industrial (Warehouse/Distribution)	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	1.8%
Cannabis Fund	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 37,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,130	4.4%
CRYPTO	\$ 35,000	\$ -	\$ -	\$ 2,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,000	4.7%
Short SPY Puts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Stocks - Index Funds (401K/IRA)	\$ 5,250	\$ 4,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 3,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,500	2.1%
Stocks - Index Funds (After-Tax)	\$ 6,280	\$ -	\$ -	\$ -	\$ 95,199	\$ 44,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,280	10.3%
Gross Deployments	\$ 1,116,530	\$ 4,500	\$ 739,500	\$ 32,500	\$ 199,011	\$ 85,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,177,223	153.3%
Gross Liquidations																
PeerStreet Self-Directed IRA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Sold Prior Primary Residence	\$ -	\$ -	\$ (720,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (720,000)	431.6%
Sold Short SPY Puts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Gross Liquidations	\$ -	\$ -	\$ (720,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (720,000)	431.6%
Net Deployment	\$ 1,116,530	\$ 4,500	\$ 19,500	\$ 32,500	\$ 199,011	\$ 85,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,457,223	n/a

We managed to deploy \$316,693 for the quarter. We deployed capital to the following:

- \$40,000 into i-bonds to take advantage of the 9.67% interest rate.
- \$25,000 was invested into an Asian Debt fund through YieldStreet
- \$28,313 shown in the above table includes \$25,000 that we deployed last year but hadn't captured properly. The additional \$3,313 went to participate in an optional capital call in order to not dilute our ownership.
- \$37,130 was deployed to the Cannabis fund when a capital call was issued. We still have \$100,000 left to be called.
- \$32,000 was deployed into Crypto - specifically BTC.
- The remaining \$154,250 was allocated to stocks - mostly SPY and QQQ index funds.

We have deployed \$1,457,223 of the forecasted \$1,700,000 that we are projected to deploy for 2021.

Closing Thoughts

It's been a great quarter although relatively uneventful. Some may be discouraged to have such a high income of \$300,000 for the quarter only to see a \$54,000 decline in net worth. I don't look at it that way, instead, I see that we acquired more investment units at cheaper prices. It seems like we are likely headed into recession, if we are not confirmed to already be in one as of June 30, 2022.

Although I will continue to update these financial reports quarterly, the focus will be less on net worth and more on acquiring more units and with those claims to cash

flows (some paid out on some cadence, while some accumulate in appreciated value - eventually).

Until next time, I hope you enjoy the next three months of summer.

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](#)