

NOI-to-cash-flow worksheet

Canadian dollars, one 12-month period. Use with an ordinary calculator. This is not a loan quotation, tax computation or valuation. An unknown material input makes a result incomplete; it is not zero. A negative cash result is a valid outcome.

Completed example

Potential base rent of 240000 less a 12000 vacancy and collection-loss allowance leaves 228000 expected rent. Add recoveries of 60000 and other income of 6000 to obtain effective gross income of 294000. Operating expenses are property taxes 50000, insurance 12000, utilities 18000, routine repairs 14000, management 12000 and other services 8000, totalling 114000. NOI is $294000 - 114000 = 180000$.

Recoveries already reflect the assumed occupancy. In this base case, there are no non-cash rent adjustments, and all income and operating costs are collected or paid within the year. The equivalent net-expense presentation is $228000 + 6000 - (114000 - 60000) = 180000$. Do not also add recoveries to income when using that net-expense calculation.

Cash bridge	Buyer A	Buyer B
NOI	180000	180000
Total annual debt service	-120000	-156000
Cash after debt service	60000	24000
Separate roof payment	-40000	-40000
Separate leasing payment	-10000	-10000
Cash after listed outflows, before income tax	10000	-26000

Buyer A's debt service consists of 75000 interest and 45000 principal. Buyer B's 156000 is an assumed combined payment, not calculated from an interest rate. Neither loan is a quote.

If Buyer A retains 6000 of its 10000 result, 4000 is available for distribution under that plan and 6000 remains owned cash. Retention is not another contractor payment. Do not deduct a reserve allocation and the same project funded from it without showing the release or funding source.

Separate timing scenario, Buyer A only: 12000 of income already included remains uncollected at year-end, with no opening receivable. Another 5000 of operating expenses remains unpaid, with no opening payable. Cash from operations becomes $180000 - 12000 + 5000 = 173000$. After debt, roof and leasing payments, 3000 remains before income tax. The 5000 payable will require later cash. The receivable is distinct from the original vacancy/loss allowance; do not subtract income twice.

Simple property coverage is $180000 / 120000 = 1.50$ times, not a lending approval. Conventional cap rate at an assumed 3000000 price is $180000 / 3000000 = 6\%$, not a return after financing and capital costs.

Blank bridge

Property: _____ Period: _____ As-of date: _____

Starting measure: actual, annualized run rate or stabilized? _____

Source document and treatment of vacancy, concessions, recoveries and non-cash rent: _____

Input or step	Amount	Source and treatment
Potential base income	_____	_____
Vacancy, collection and concession adjustments not already deducted	_____	_____
Recoveries	_____	_____
Other property income	_____	_____
Effective gross income	_____	Add using the correct signs
Operating expenses, with category detail attached	_____	Do not net recoveries twice
NOI	_____	Income less operating expenses
Collection/payment timing and non-cash adjustments	_____	Show each separately
Cash from operations	_____	NOI plus or minus identified adjustments
Interest paid	_____	Loan schedule
Principal paid	_____	Include a balloon payment if due
Capital payments	_____	Not already in operating expenses
Leasing and other cash outflows	_____	Identified contractual obligations
Cash after listed outflows, before income tax	_____	Cash from operations less outflows
Owner income tax and other excluded outflows	_____	Obtain transaction-specific inputs
Cash retained rather than distributed	_____	Not another external payment
Possible distribution or additional funding need	_____	Reconcile timing and remaining obligations

Label any omitted tax, capital or other costs beside the output. Loan proceeds, owner contributions and purchase credits are not ordinary property income. A positive annual result does not prove that cash is available when an early invoice falls due.