

Exhibit 12 – Sample Search Fund Financial Models

STRUCTURE A - Operating Case: Optimistic Case

	Closing	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$15,000	\$17,250	\$19,838	\$22,813	\$26,235	\$30,170
Revenue Growth		15.0%	15.0%	15.0%	15.0%	15.0%
EBITDA Margin	20.0%	20.5%	21.0%	21.5%	22.0%	22.5%
EBITDA	\$3,000	\$3,536	\$4,166	\$4,905	\$5,772	\$6,788
Less: Depreciation & Amortization	(\$500)	(\$575)	(\$661)	(\$760)	(\$875)	(\$1,006)
Less: Interest Expense		(\$192)	(\$82)	(\$10)	\$ --	\$ --
Earnings Before Taxes		\$2,770	\$3,423	\$4,134	\$4,897	\$5,783
Taxes @ 40%	40.0%	(\$1,108)	(\$1,369)	(\$1,654)	(\$1,959)	(\$2,313)
Net Income		\$1,662	\$2,054	\$2,481	\$2,938	\$3,470
Free Cash Flow						
EBITDA		\$3,536	\$4,166	\$4,905	\$5,772	\$6,788
Less: Cash Interest Expense		(\$192)	(\$82)	(\$10)	\$ --	\$ --
Less: Cash Taxes		(\$1,108)	(\$1,369)	(\$1,654)	(\$1,959)	(\$2,313)
Less: Changes in NWC @ 20% of Rev Growth		(\$450)	(\$518)	(\$595)	(\$684)	(\$787)
Less: CapEx		(\$575)	(\$661)	(\$760)	(\$875)	(\$1,006)
Less: Mandatory Debt Paydown		(\$300)	(\$300)	(\$252)	\$ --	\$ --
Free Cash Flow for Voluntary Debt Paydown		\$912	\$1,236	\$1,634	\$2,254	\$2,683
Cumulative FCF		\$912	\$2,148	\$3,782	\$6,036	\$8,718
Capital Structure						
Cash	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Senior Debt	3,000	1,788	252	-	-	-
Seller Financing	4,500	4,950	5,445	4,356	2,538	109
Total Debt	\$7,500	\$6,738	\$5,697	\$4,356	\$2,538	\$109
Investor Capital - Redeemable Preferred Stock	-	-	-	-	-	-
Investor Capital - Non-Redeemable Preferred Stock	6,450	7,095	7,805	8,585	9,443	10,388
Total Capitalization (excl. Common Stock)	\$13,950	\$13,833	\$13,501	\$12,941	\$11,981	\$10,497
<i>Seller Financing + Investor Capital Accretion</i>		\$1,095	\$1,205	\$1,325	\$1,294	\$1,198
Exit Valuation						
EBITDA						\$6,788
Valuation Multiple						5.0x
TEV						\$33,942
Less: Net Total Debt						\$109
Total Equity Value						\$33,833
Less: Value to Redeemable Pfd Stock						\$ --
Less: Value to Non-Redeemable Pfd Stock						\$10,388
Value to Common Equity						\$23,445

STRUCTURE A - Operating Case: Base Case

	Closing	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$15,000	\$15,750	\$16,538	\$17,364	\$18,233	\$19,144
Revenue Growth		5.0%	5.0%	5.0%	5.0%	5.0%
EBITDA Margin	20.0%	20.3%	20.5%	20.8%	21.0%	21.3%
EBITDA	\$3,000	\$3,189	\$3,390	\$3,603	\$3,829	\$4,068
Less: Depreciation & Amortization	(\$500)	(\$525)	(\$551)	(\$579)	(\$608)	(\$638)
Less: Interest Expense		(\$187)	(\$73)	(\$6)	\$ --	\$ --
Earnings Before Taxes		\$2,478	\$2,766	\$3,018	\$3,221	\$3,430
Taxes @ 40%	40.0%	(\$991)	(\$1,106)	(\$1,207)	(\$1,288)	(\$1,372)
Net Income		\$1,487	\$1,660	\$1,811	\$1,933	\$2,058
Free Cash Flow						
EBITDA		\$3,189	\$3,390	\$3,603	\$3,829	\$4,068
Less: Cash Interest Expense		(\$187)	(\$73)	(\$6)	\$ --	\$ --
Less: Cash Taxes		(\$991)	(\$1,106)	(\$1,207)	(\$1,288)	(\$1,372)
Less: Changes in NWC @ 20% of Rev Growth		(\$150)	(\$158)	(\$165)	(\$174)	(\$182)
Less: CapEx		(\$525)	(\$551)	(\$579)	(\$608)	(\$638)
Less: Mandatory Debt Paydown		(\$300)	(\$300)	(\$161)	\$ --	\$ --
Free Cash Flow for Voluntary Debt Paydown		\$1,037	\$1,202	\$1,484	\$1,759	\$1,876
<i>Cumulative FCF</i>		<i>\$1,037</i>	<i>\$2,239</i>	<i>\$3,723</i>	<i>\$5,482</i>	<i>\$7,358</i>
Capital Structure						
Cash	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Senior Debt	3,000	1,663	161	-	-	-
Seller Financing	4,500	4,950	5,445	4,505	3,197	1,641
Total Debt	\$7,500	\$6,613	\$5,606	\$4,505	\$3,197	\$1,641
Investor Capital - Redeemable Preferred Stock	-	-	-	-	-	-
Investor Capital - Non-Redeemable Preferred Stock	6,450	7,095	7,805	8,585	9,443	10,388
Total Capitalization (excl. Common Stock)	\$13,950	\$13,708	\$13,411	\$13,090	\$12,640	\$12,029
<i>Seller Financing + Investor Capital Accretion</i>		<i>\$1,095</i>	<i>\$1,205</i>	<i>\$1,325</i>	<i>\$1,309</i>	<i>\$1,264</i>
Exit Valuation						
EBITDA						\$4,068
Valuation Multiple						4.5x
TEV						\$18,307
Less: Net Total Debt						\$1,641
Total Equity Value						\$16,666
Less: Value to Redeemable Pfd Stock						\$ --
Less: Value to Non-Redeemable Pfd Stock						\$10,388
Value to Common Equity						\$6,278

STRUCTURE A - Operating Case: Pessimistic Case

	Closing	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Revenue Growth		--	--	--	--	--
EBITDA Margin	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
EBITDA	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Less: Depreciation & Amortization	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)
Less: Interest Expense		(\$184)	(\$71)	(\$6)	\$ --	\$ --
Earnings Before Taxes		\$2,316	\$2,429	\$2,494	\$2,500	\$2,500
Taxes @ 40%	40.0%		(\$926)	(\$972)	(\$1,000)	(\$1,000)
Net Income		\$1,389	\$1,458	\$1,496	\$1,500	\$1,500
Free Cash Flow						
EBITDA		\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Less: Cash Interest Expense		(\$184)	(\$71)	(\$6)	\$ --	\$ --
Less: Cash Taxes		(\$926)	(\$972)	(\$998)	(\$1,000)	(\$1,000)
Less: Changes in NWC @ 20% of Rev Growth		\$ --	\$ --	\$ --	\$ --	\$ --
Less: CapEx		(\$500)	(\$500)	(\$500)	(\$500)	(\$500)
Less: Mandatory Debt Paydown		(\$300)	(\$300)	(\$153)	\$ --	\$ --
Free Cash Flow for Voluntary Debt Paydown		\$1,089	\$1,158	\$1,343	\$1,500	\$1,500
Cumulative FCF		\$1,089	\$2,247	\$3,590	\$5,090	\$6,590
Capital Structure						
Cash	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Senior Debt	3,000	1,611	153	-	-	-
Seller Financing	4,500	4,950	5,445	4,646	3,611	2,472
Total Debt	\$7,500	\$6,561	\$5,598	\$4,646	\$3,611	\$2,472
Investor Capital - Redeemable Preferred Stock	-	-	-	-	-	-
Investor Capital - Non-Redeemable Preferred Stock	6,450	7,095	7,805	8,585	9,443	10,388
Total Capitalization (excl. Common Stock)	\$13,950	\$13,656	\$13,402	\$13,231	\$13,054	\$12,860
<i>Seller Financing + Investor Capital Accretion</i>		\$1,095	\$1,205	\$1,325	\$1,323	\$1,305
Exit Valuation						
EBITDA						\$3,000
Valuation Multiple						4.0x
TEV						\$12,000
Less: Net Total Debt						\$2,472
Total Equity Value						\$9,528
Less: Value to Redeemable Pfd Stock						\$ --
Less: Value to Non-Redeemable Pfd Stock						\$9,528
Value to Common Equity						\$ --

STRUCTURE B - Operating Case: Optimistic Case

	Closing	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$15,000	\$17,250	\$19,838	\$22,813	\$26,235	\$30,170
Revenue Growth		15.0%	15.0%	15.0%	15.0%	15.0%
EBITDA Margin	20.0%	20.5%	21.0%	21.5%	22.0%	22.5%
EBITDA	\$3,000	\$3,536	\$4,166	\$4,905	\$5,772	\$6,788
Less: Depreciation & Amortization	(\$500)	(\$575)	(\$661)	(\$760)	(\$875)	(\$1,006)
Less: Interest Expense		(\$192)	(\$82)	(\$10)	\$ --	\$ --
Earnings Before Taxes		\$2,770	\$3,423	\$4,134	\$4,897	\$5,783
Taxes @ 40%	40.0%	(\$1,108)	(\$1,369)	(\$1,654)	(\$1,959)	(\$2,313)
Net Income		\$1,662	\$2,054	\$2,481	\$2,938	\$3,470
Free Cash Flow						
EBITDA		\$3,536	\$4,166	\$4,905	\$5,772	\$6,788
Less: Cash Interest Expense		(\$192)	(\$82)	(\$10)	\$ --	\$ --
Less: Cash Taxes		(\$1,108)	(\$1,369)	(\$1,654)	(\$1,959)	(\$2,313)
Less: Changes in NWC @ 20% of Rev Growth		(\$450)	(\$518)	(\$595)	(\$684)	(\$787)
Less: CapEx		(\$575)	(\$661)	(\$760)	(\$875)	(\$1,006)
Less: Mandatory Debt Paydown		(\$300)	(\$300)	(\$252)	\$ --	\$ --
Free Cash Flow for Voluntary Debt Paydown		\$912	\$1,236	\$1,634	\$2,254	\$2,683
Cumulative FCF		\$912	\$2,148	\$3,782	\$6,036	\$8,718
Capital Structure						
Cash	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Senior Debt	3,000	1,788	252	-	-	-
Seller Financing	4,500	4,950	5,445	5,990	6,588	6,762
Total Debt	\$7,500	\$6,738	\$5,697	\$5,990	\$6,588	\$6,762
Investor Capital - Subordinated Debt	3,225	3,773	4,415	3,532	1,878	-
Investor Capital - Non-Redeemable Preferred Stock	3,225	3,225	3,225	3,225	3,225	3,225
Total Capitalization (excl. Common Stock)	\$13,950	\$13,736	\$13,337	\$12,746	\$11,691	\$9,987
<i>Seller Financing + Investor Capital Accretion</i>		\$998	\$1,136	\$1,295	\$1,199	\$978
Exit Valuation						
EBITDA						\$6,788
Valuation Multiple						5.0x
TEV						\$33,942
Less: Net Total Debt						\$6,762
Total Equity Value						\$27,180
Less: Value to Subordinated Debt						\$ --
Less: Value to Non-Redeemable Pfd Stock						\$3,225
Value to Common Equity						\$23,955

STRUCTURE B - Operating Case: Base Case

	Closing	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$15,000	\$15,750	\$16,538	\$17,364	\$18,233	\$19,144
Revenue Growth		5.0%	5.0%	5.0%	5.0%	5.0%
EBITDA Margin	20.0%	20.3%	20.5%	20.8%	21.0%	21.3%
EBITDA	\$3,000	\$3,189	\$3,390	\$3,603	\$3,829	\$4,068
Less: Depreciation & Amortization	(\$500)	(\$525)	(\$551)	(\$579)	(\$608)	(\$638)
Less: Interest Expense		(\$187)	(\$73)	(\$6)	\$ --	\$ --
Earnings Before Taxes		\$2,478	\$2,766	\$3,018	\$3,221	\$3,430
Taxes @ 40%	40.0%	(\$991)	(\$1,106)	(\$1,207)	(\$1,288)	(\$1,372)
Net Income		\$1,487	\$1,660	\$1,811	\$1,933	\$2,058
Free Cash Flow						
EBITDA		\$3,189	\$3,390	\$3,603	\$3,829	\$4,068
Less: Cash Interest Expense		(\$187)	(\$73)	(\$6)	\$ --	\$ --
Less: Cash Taxes		(\$991)	(\$1,106)	(\$1,207)	(\$1,288)	(\$1,372)
Less: Changes in NWC @ 20% of Rev Growth		(\$150)	(\$158)	(\$165)	(\$174)	(\$182)
Less: CapEx		(\$525)	(\$551)	(\$579)	(\$608)	(\$638)
Less: Mandatory Debt Paydown		(\$300)	(\$300)	(\$161)	\$ --	\$ --
Free Cash Flow for Voluntary Debt Paydown		\$1,037	\$1,202	\$1,484	\$1,759	\$1,876
Cumulative FCF		\$1,037	\$2,239	\$3,723	\$5,482	\$7,358
Capital Structure						
Cash	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Senior Debt	3,000	1,663	161	-	-	-
Seller Financing	4,500	4,950	5,445	5,990	6,588	7,247
Total Debt	\$7,500	\$6,613	\$5,606	\$5,990	\$6,588	\$7,247
Investor Capital - Subordinated Debt	3,225	3,773	4,415	3,681	2,548	1,105
Investor Capital - Non-Redeemable Preferred Stock	3,225	3,225	3,225	3,225	3,225	3,225
Total Capitalization (excl. Common Stock)	\$13,950	\$13,612	\$13,246	\$12,896	\$12,361	\$11,578
<i>Seller Financing + Investor Capital Accretion</i>		\$998	\$1,136	\$1,295	\$1,225	\$1,092
Exit Valuation						
EBITDA						\$4,068
Valuation Multiple						4.5x
TEV						\$18,307
Less: Net Total Debt						\$7,247
Total Equity Value						\$11,059
Less: Value to Subordinated Debt						\$1,105
Less: Value to Non-Redeemable Pfd Stock						\$3,225
Value to Common Equity						\$6,729

STRUCTURE B - Operating Case: Pessimistic Case

	Closing	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Revenue Growth		--	--	--	--	--
EBITDA Margin	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
EBITDA	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Less: Depreciation & Amortization	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)
Less: Interest Expense		(\$184)	(\$71)	(\$6)	\$ --	\$ --
Earnings Before Taxes		\$2,316	\$2,429	\$2,494	\$2,500	\$2,500
Taxes @ 40%	40.0%		(\$926)	(\$972)	(\$998)	(\$1,000)
Net Income		\$1,389	\$1,458	\$1,496	\$1,500	\$1,500
Free Cash Flow						
EBITDA		\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Less: Cash Interest Expense		(\$184)	(\$71)	(\$6)	\$ --	\$ --
Less: Cash Taxes		(\$926)	(\$972)	(\$998)	(\$1,000)	(\$1,000)
Less: Changes in NWC @ 20% of Rev Growth		\$ --	\$ --	\$ --	\$ --	\$ --
Less: CapEx		(\$500)	(\$500)	(\$500)	(\$500)	(\$500)
Less: Mandatory Debt Paydown		(\$300)	(\$300)	(\$153)	\$ --	\$ --
Free Cash Flow for Voluntary Debt Paydown		\$1,089	\$1,158	\$1,343	\$1,500	\$1,500
Cumulative FCF		\$1,089	\$2,247	\$3,590	\$5,090	\$6,590
Capital Structure						
Cash	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Senior Debt	3,000	1,611	153	-	-	-
Seller Financing	4,500	4,950	5,445	5,990	6,588	7,247
Total Debt	\$7,500	\$6,561	\$5,598	\$5,990	\$6,588	\$7,247
Investor Capital - Subordinated Debt	3,225	3,773	4,415	3,822	2,972	1,977
Investor Capital - Non-Redeemable Preferred Stock	3,225	3,225	3,225	3,225	3,225	3,225
Total Capitalization (excl. Common Stock)	\$13,950	\$13,559	\$13,238	\$13,036	\$12,785	\$12,449
<i>Seller Financing + Investor Capital Accretion</i>		\$998	\$1,136	\$1,295	\$1,249	\$1,164
Exit Valuation						
EBITDA						\$3,000
Valuation Multiple						4.0x
TEV						\$12,000
Less: Net Total Debt						\$7,247
Total Equity Value						\$4,753
Less: Value to Subordinated Debt						\$1,977
Less: Value to Non-Redeemable Pfd Stock						\$2,776
Value to Common Equity						\$ --