The Founder Outcome Brief

What could your shares make possible, and what would need to be true?

Your ownership

Shares and investor rights

Your proceeds

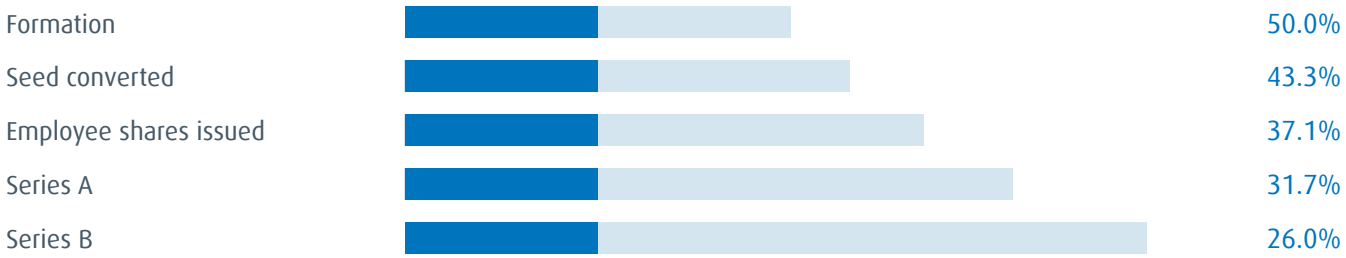
Allocation and payment terms

Your choices

Resources and personal needs

Eight questions to connect company equity, possible liquidity and your personal plans.

Team ownership and your own stake are different.



[1] Fictional two-founder path. Combined team ownership ends at 52%; Founder A and Founder B each hold 26%. Issuing shares need not reduce personal value. See page 9.

For founders with outside investors, whether you are building, considering a permitted partial sale or approaching a larger transaction.

Work with what you know today.

Start with the question most relevant to your next decision. You do not need to complete all eight. Mark Known, Estimated or Not yet clear, then choose one next step. There is no readiness score.

Use the companion online worksheet for digital answers, or print the question and action pages. Keep this Brief for reference. Find the worksheet on the resource page.

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Follow your shares to your allocation.

Test lower, reference and higher headline values. Then separate maximum proceeds from conditional amounts.



At the C$70M maximum headline value, C$2.8M company debt and C$2.5M fees leave C$64.7M. Series B takes its C$12M, 1x non-participating preference. Series A converts. Founder A receives 26/82 of the remaining C$52.7M: approximately C$16.7M gross if the full earnout is paid. Founder B has the same allocation. [2]

Same cap table; lower, reference and higher maximum headline values. C$ millions.

Company sale value	C$60.0M	C$70.0M	C$80.0M
Equity after debt and fees	54.7	64.7	74.7
Founder A maximum gross allocation	13.5	16.7	19.4

Recheck the rights at each value.

At C$60M and C$70M, Series A converts and Series B takes its preference. At C$80M, both preferred classes convert. Conversion and a preference are alternatives, not two payments.

Ownership: Founder A 26%, Founder B 26%, seed common 8%, issued employee common 10%, Series A 12%, Series B 18%. Investor preferences are C$6M/C$12M, equal-ranking and 1x non-participating. All common shares are issued and payout-eligible; no other securities. Debt and fees stay fixed. Headline values include the full possible earnout; they are inputs, not valuations or market benchmarks. Reconcile the documents with counsel. [2]

What could the money support?

Separate closing cash, later receipts and retained shares before comparing them with personal needs.

Your target comes from the life you want to fund. This household's C$10M target is only an illustration.



Amounts shown reflect modeled regular tax only. Confirm any additional provision, including alternative minimum tax (AMT), with your tax adviser before treating them as available to spend.

Founder A only. C$ millions; same personal target across values. Later receipts remain uncertain. [3]

Company sale value	C$60.0M	C$70.0M	C$80.0M
Cash after modeled regular tax	5.2	6.8	8.2
Expected net earnout, present value	1.4	1.7	2.0
Cash + expected earnout present value	6.6	8.5	10.1
Personal funding target	10.0	10.0	10.0
Modeled resources less target	-3.4	-1.5	+0.2†

† C$80M case: **Near target—further tax review required.** The positive margin is before any additional AMT provision.

Do the plans work without the earnout?

The C$70M headline includes a C$21M company earnout (30%). Founder A's maximum earnout is C$5.4M. Modeling 45% as received gives C$2.4M before tax, or C$1.7M after modeled tax and two years of discounting. This is not closing cash or a promised receipt. [3]

Founder A retains C$2.0M of equity, excluded from this comparison. The reference closing cash alone leaves about C$3.2M below the personal target. Test a later payment before making commitments.

A shortfall can prompt a review of resources or terms. Additional capacity can support family, giving or another venture. Neither result decides whether to sell or keep building.

Take this question to your worksheet: Which commitments would you still make if the earnout paid nothing?

What could reach you, and when?

Mark one status. Known means supported by current information; estimates and circumstances can change.

01 What would my shares receive at different sale values?

The last financing valued the company on particular terms. Your personal distribution depends on your securities, the amount available to shareholders and the rights of other investors. Compare a range of sale values using the current cap table. Before another financing, also test new shares, option-pool changes and convertible securities. A smaller percentage can still have a higher value; the rights and company outcome matter too.

What would support an answer: A current and proposed fully diluted cap table, with a distribution waterfall checked against financing documents. Distinguish company value from equity proceeds and your own allocation.

How clear is your answer today?

◯ Known ◯ Estimated ◯ Not yet clear

Answer starter: At equity proceeds of ___, my securities receive ___. The rights and ownership assumptions are ___.

02 After tax and obligations, what could I actually use, and when?

Separate cash at closing from escrow, earnouts, buyer shares and equity you retain. A listing or a higher company valuation does not itself put money in your account. Confirm who receives each amount, its conditions, sale restrictions and the tax provision needed.

What would support an answer: A payment schedule showing gross receipts, tax and other provisions, usable cash and continuing exposure. Have tax treatment and timing checked for your circumstances.

How clear is your answer today?

◯ Known ◯ Estimated ◯ Not yet clear

Answer starter: Cash received at closing: ___. Tax and obligations to set aside: ___. Available to use: ___. Later or invested value: ___.

What supports your life while building?

Mark one status. Known means supported by current information; estimates and circumstances can change.

03 What if liquidity takes longer or the outcome is smaller?

Your company may remain your source of income and a large part of your wealth. Test personal spending and commitments if a transaction is delayed, a new round changes your stake, or a sale produces less than the reference case. Retained company equity is not a substitute for accessible reserves.

What would support an answer: A personal cash-flow view and downside scenarios, including other income, accessible investments and continuing company exposure.

How clear is your answer today?

◯ Known ◯ Estimated ◯ Not yet clear

Answer starter: If liquidity is delayed by ___ or proceeds are ___, personal needs of ___ would be supported by ___.

04 Could partial liquidity help me keep building?

A permitted secondary or partial sale can create personal resources while leaving you invested in the company. Availability depends on a buyer, company and investor permissions, transfer restrictions and the terms offered. Compare what selling some shares could support with the upside and rights you would give up.

What would support an answer: Confirmed permissions and restrictions, a possible transaction structure, and a view of the cash available and ownership retained. No future liquidity window is assured.

How clear is your answer today?

◯ Known ◯ Estimated ◯ Not yet clear

Answer starter: If a partial sale is permitted, I would consider selling ___ to support ___, while retaining ___.

Which terms change the decision?

Mark one status. Known means supported by current information; estimates and circumstances can change.

05 Which parts of the package depend on what happens next?

List purchase consideration separately from employment, retention and incentive arrangements. Ask advisers which conditions affect each amount and how it is taxed. Escrow, performance payments and buyer shares have different risks; record them separately rather than treating all later value as certain or lost.

What would support an answer: For each component: amount, recipient, payment date, conditions, tax assumptions and who controls the outcome.

How clear is your answer today?

◯ Known ◯ Estimated ◯ Not yet clear

Answer starter: The component is ___. I receive it if ___. It may arrive by ___. The consequence if it does not arrive is ___.

06 What happens to my role, control and shares after the transaction?

Review governance, vesting or re-vesting, acceleration, repurchase rights and the consequences of leaving. Ask counsel to explain employment restrictions and share rights together. Co-founders can accept the same company transaction and face different personal results.

What would support an answer: Legal and employment advice explaining what changes for your securities, responsibilities, restrictions and ability to leave or start something else.

How clear is your answer today?

◯ Known ◯ Estimated ◯ Not yet clear

Answer starter: The role or restriction I would accept is ___. Leaving or changing roles could affect ___.

What would make the outcome work for you?

Mark one status. Known means supported by current information; estimates and circumstances can change.

07 What do I want this money to make possible?

Put amounts and timeframes against family spending, housing, giving, investments and capital for another venture. Include resources outside the company. Taking liquidity need not mean retiring; a surplus can create choices as well as reduce dependence on the business.

What would support an answer: A personal funding estimate with priorities, other resources, timing and assumptions shown. Compare it with usable proceeds across scenarios.

A shortfall, a narrow margin and more capacity than expected raise different questions. Consider spending, family support, future work, giving and another venture without assuming that you want to stop building.

How clear is your answer today?

◯ Known ◯ Estimated ◯ Not yet clear

Answer starter: The money needs to support ___ by ___. Other resources are ___. Additional capacity could make ___ possible.

08 What would make me proceed, negotiate, wait or decline?

Set working conditions for usable cash, retained exposure, your role and timing. Compare the opportunity with realistic alternatives, including continued ownership. Review those conditions when facts change, rather than treating one headline price as the answer.

What would support an answer: A short list of personal conditions, an alternative worth considering and the unresolved assumptions that could change your decision.

How clear is your answer today?

◯ Known ◯ Estimated ◯ Not yet clear

Answer starter: I would consider proceeding if ___. I would reconsider if ___. My alternative is ___.

Choose one next step.

Start with the uncertainty most likely to affect a current decision. One action is enough to begin.

Review answers marked Estimated or Not yet clear. Write “not established” where you do not have a number.

Example: investor rights

Question: What would my shares receive at a lower sale value?
Next step: Ask counsel and the cap-table administrator to confirm the distribution waterfall.
When: before comparing the next offer.

01 My first question to take forward

My next step

Who can help?

When will I take the next step?

02 Another question, if useful

My next step

Who can help?

When will I take the next step?

03 Another question, if useful

My next step

Who can help?

When will I take the next step?

A useful result is knowing what to check next.

One material uncertainty can deserve more attention than several unanswered background questions.

Start with the decision in front of you.

You do not need to be leaving the company. An existing transaction does not mean all useful planning has ended.

While building	Check personal cash needs alongside the company holding. Ask what the next round, option pool or conversion assumptions would change. Revisit questions 1, 3 and 7
Before a partial sale	Confirm permissions and an actual opportunity to sell. Decide what cash would change for your family and what exposure you want to retain. Revisit questions 2, 4 and 7
When comparing terms	Separate purchase consideration, employment conditions and retained shares. Have advisers check the rights, tax assumptions and consequences of leaving. Revisit questions 1, 2, 5 and 6
After liquidity	Review tax provisions, spending reserves, remaining company exposure and the purpose of your outside investments. Revisit commitments to family and another venture. Revisit questions 3, 7 and 8

Illustration notes: pages 1–3

[2] Fictional CAD case. Maximum headline values include full earnout. Maximum distributions and conversion elections are calculated at each value. For this illustration, the contract allocates contingent consideration pro rata to those maximum distributions; missed payments do not reallocate preferences. Actual priority and payment rights may differ. All seller allocations and rights require document review.

[3] No escrow. Earnout: 30% of headline value, 45% of the maximum earnout modeled as received after 24 months, 2.5% discount rate. This is an illustrative payout fraction, not an observed achievement rate, a 45% probability of full payment or a tax-recognition rule. Qualifying share-sale/cost-recovery treatment is assumed; employment-linked payments need separate treatment.

Founder A: C$2,600 cost base, no LCGE, Ontario residence; assumed 50% gains inclusion and 53.53% ordinary-income rate. Additional AMT is flagged and not reserved. The C$2M retained position assumes deferral, subject to confirming eligibility and basis; it is excluded from the funding comparison.

The approximately C$10M target is A's household capital need, not annual spending or B's target. It uses C$330,000 core annual spending, C$60,000 travel for 12 years, C$50,000 giving in years 5–19, C$950,000 mortgage, C$2M property in year 4 and C$750,000 venture capital in year 2, less C$125,000 income in years 1–5, C$70,000 in years 0–7 and C$1.1M asset credits. Assumptions: 37 spending years, 6% nominal return, 2.5% inflation, 6% withdrawal allowance. B needs a separate plan.

[1] Dilution mechanics: a16z, Scott Kupor (2016). Team context: Carta (June 2026, U.S. data). Neither supplies or endorses these fictional inputs.
[2–3] Figures: two-founder model calculations. Rounded to C$100,000; totals use unrounded amounts. No client results, valuation or market benchmarks.

Bring the question that could change your decision.

An optional conversation about your ownership, possible liquidity and personal plans.

Bring the question you are weighing and the approximate facts you have. We discuss ownership, investor rights and payment timing, then connect possible proceeds with spending needs, other resources and your plans.

We developed Founder Exit Studio for use with our team. It supports scenario discussions; it is not a self-service account or a formal valuation.

What to bring, if available

- Your current cap table and security types.
- A funding, sale or partial-liquidity scenario.
- The personal question that could change your decision.

How our work fits

We provide financial planning and investment management. We explain the scope of working together and the applicable fees.

Your lawyer, accountant and transaction advisers retain their professional roles. They confirm legal rights, tax treatment and transaction details.

Discuss a Founder Outcome Review ↗

Tell us the question you would like to explore. We will contact you to arrange a time.

Prefer to call? 416-359-7592

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