

## Project Cost Analysis for *high tunnel greenhouse*

*for use by Tyler's Tip-Top Tomatoes*

<b>Figure out the Annual Depreciation Cost of the Improvement or Equipment</b>		
<i>total cost of equipment ÷ how many years it will last = Annual Depreciation Cost</i>		<b>Line</b>
Total cost of equipment	\$ 10,000	<b>A</b>
Expected Economic Life ( <i>how long it will last</i> )	5 years	<b>B</b>
Annual Depreciation Cost <i>total cost of equipment ÷ how many years it will last</i> <i>Line A ÷ B = C</i>	\$ 2,000/per year	<b>C</b>

<b>Annual Budget for Improvement or Equipment</b>	<i>Increase (decrease)</i>	
		<b>Line</b>
Additional Revenue ( <i>estimated increase in crop production \$\$</i> )	\$ 20,000	<b>1</b>
Multiply by Gross Margin ( <i>same as on the One Page Plan</i> )	40 %	<b>2</b>
Additional Gross Margin ( <i>Line 1 X Line 2</i> )	\$ 8,000	<b>3</b>
Annual Depreciation Cost ( <i>subtract Line C, cost per year</i> )	\$ (2,000)	<b>4</b>
Interest Expense ( <i>subtract cost of borrowing money for project</i> )	\$ (500)	<b>5</b>
Operating Costs:		
Utilities	\$ (250)	<b>6</b>
<i>(additional labor cost—not the labor to harvest the crop)</i> Labor	\$ (500)	<b>7</b>
Other costs	\$ (100)	<b>8</b>
	\$ ( )	<b>9</b>
	\$ ( )	<b>10</b>
<b>Net Income</b> ( <i>subtract lines 4-10 from Line 3</i> )	<b>\$ 4,650</b>	<b>11</b>
<b>Calculate Return On Investment</b> <i>Net income ÷ cost of equipment X 100 = % return on investment</i> <b>Line 11 ÷ Line A X 100 = ROI%</b>	<b>47 %</b>	<b>12</b>