

## Project Cost Analysis for *high tunnel greenhouse*

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

### Figure out the Annual Depreciation Cost of the Improvement or Equipment

total cost of equipment ÷ how many years it will last = Annual Depreciation Cost

**Line**

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  total cost of equipment ÷ how many years it will last Line A ÷ B = C	\$ 2,000/per year	<b>C</b>

Annual Budget for Improvement or Equipment	Increase (decrease)	
		<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> Net income ÷ cost of equipment X 100 = % return on investment <b>Line 11 ÷ Line A X 100 = ROI%</b>	<b>47 %</b>	<b>12</b>

## Project Cost Analysis for *irrigation system*

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

### Figure out the Annual Depreciation Cost of the Improvement or Equipment

total cost of equipment ÷ how many years it will last = Annual Depreciation Cost

**Line**

Total cost of equipment	\$ 5,000	<b>A</b>
Expected Economic Life ( <i>how long it will last</i> )	5 years	<b>B</b>
Annual Depreciation Cost  total cost of equipment ÷ how many years it will last Line A ÷ B = C	\$ 1,000/per year	<b>C</b>

Annual Budget for Improvement or Equipment	Increase (decrease)	
		<b>Line</b>
Additional Revenue ( <i>estimated increase in crop production \$\$</i> )	\$ 8,000	<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> )	\$ 3,200	<b>3</b>
Annual Depreciation Cost ( <i>subtract Line C, cost per year</i> )	\$ (1,000)	<b>4</b>
Interest Expense ( <i>subtract cost of borrowing money for project</i> )	\$ (100)	<b>5</b>
Operating Costs:		
Utilities	\$ (150)	<b>6</b>
<i>(additional labor cost—not the labor to harvest the crop)</i> Labor	\$ (250)	<b>7</b>
Other costs	\$ (0)	<b>8</b>
	\$ ( )	<b>9</b>
	\$ ( )	<b>10</b>
<b>Net Income</b> ( <i>subtract lines 4-10 from Line 3</i> )	<b>\$ 1,700</b>	<b>11</b>
<b>Calculate Return On Investment</b> Net income ÷ cost of equipment X 100 = % return on investment <b>Line 11 ÷ Line A X 100 = ROI%</b>	<b>34 %</b>	<b>12</b>

## Project Cost Analysis for *tractor and rototiller*

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

### Figure out the Annual Depreciation Cost of the Improvement or Equipment

total cost of equipment ÷ how many years it will last = Annual Depreciation Cost

**Line**

Total cost of equipment	\$ 50,000	<b>A</b>
Expected Economic Life ( <i>how long it will last</i> )	15 years	<b>B</b>
Annual Depreciation Cost  total cost of equipment ÷ how many years it will last Line A ÷ B = C	\$ 3,333/per year	<b>C</b>

Annual Budget for Improvement or Equipment	Increase (decrease)	
		<b>Line</b>
Additional Revenue ( <i>estimated increase in crop production \$\$</i> )	\$ 50,000	<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> )	\$ 20,000	<b>3</b>
Annual Depreciation Cost ( <i>subtract Line C, cost per year</i> )	\$ (3,333)	<b>4</b>
Interest Expense ( <i>subtract cost of borrowing money for project</i> )	\$ (2,185)	<b>5</b>
Operating Costs:		
<i>(120 hrs x \$20/hr cost of running tractor)</i> Utilities	\$ (2,400)	<b>6</b>
<i>(tractor/rototiller labor cost 120 hrs x \$15/hr)</i> Labor	\$ (1,800)	<b>7</b>
Other costs	\$ (0)	<b>8</b>
	\$ ( )	<b>9</b>
	\$ ( )	<b>10</b>
<b>Net Income</b> ( <i>subtract lines 4-10 from Line 3</i> )	<b>\$ 10,282</b>	<b>11</b>
<b>Calculate Return On Investment</b> Net income ÷ cost of equipment X 100 = % return on investment <b>Line 11 ÷ Line A X 100 = ROI%</b>	<b>21 %</b>	<b>12</b>

## Project Cost Analysis for *Purchase of a walk-in cooler*

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

### Figure out the Annual Depreciation Cost of the Improvement or Equipment

total cost of equipment ÷ how many years it will last = Annual Depreciation Cost

**Line**

Total cost of equipment	\$ 20,000	<b>A</b>
Expected Economic Life <i>(how long it will last)</i>	15 years	<b>B</b>
Annual Depreciation Cost  total cost of equipment ÷ how many years it will last Line A ÷ B = C	\$ 1,333/per year	<b>C</b>

Annual Budget for Improvement or Equipment	Increase (decrease)	
		<b>Line</b>
Additional Revenue <i>(estimated 15% more crop production in \$\$)</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>	\$ (1,333)	<b>4</b>
Interest Expense <i>(subtract cost of borrowing money for project)</i>	\$ (500)	<b>5</b>
Operating Costs:		
<i>(subtract all other operating costs)</i> Utilities	\$ (900)	<b>6</b>
Labor	\$ (900)	<b>7</b>
Other costs	\$ ( )	<b>8</b>
	\$ ( )	<b>9</b>
	\$ ( )	<b>10</b>
<b>Net Income</b> <i>(subtract lines 4-10 from Line 3)</i>	<b>\$ 4,817</b>	<b>11</b>
<b>Calculate Return On Investment</b> Net income ÷ cost of equipment X 100 = % return on investment <b>Line 11 ÷ Line A X 100 = ROI%</b>	<b>24 %</b>	<b>12</b>

## Project Cost Analysis for *vegetable wash station*

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

### Figure out the Annual Depreciation Cost of the Improvement or Equipment

total cost of equipment ÷ how many years it will last = Annual Depreciation Cost

**Line**

Total cost of equipment	\$ 10,000	<b>A</b>
Expected Economic Life <i>(how long it will last)</i>	10 years	<b>B</b>
Annual Depreciation Cost  total cost of equipment ÷ how many years it will last Line A ÷ B = C	\$ 1,000/per year	<b>C</b>

Annual Budget for Improvement or Equipment	Increase (decrease)	
		<b>Line</b>
Additional Revenue <i>(estimated 13% more crop production in \$\$)</i>	\$ 15,000	<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>	\$ 6,000	<b>3</b>
Annual Depreciation Cost <i>(subtract Line C, cost per year)</i>	\$ (1,000)	<b>4</b>
Interest Expense <i>(subtract cost of borrowing money for project)</i>	\$ (570)	<b>5</b>
Operating Costs:		
<i>(subtract all other operating costs)</i> Utilities	\$ (800)	<b>6</b>
<i>(labor efficiency equals additional labor required)</i> Labor	\$ (0)	<b>7</b>
<i>(licensing, permits, property taxes)</i> Other costs	\$ (500)	<b>8</b>
	\$ ( )	<b>9</b>
	\$ ( )	<b>10</b>
<b>Net Income</b> <i>(subtract lines 4-10 from Line 3)</i>	<b>\$ 3,130</b>	<b>11</b>
<b>Calculate Return On Investment</b> Net income ÷ cost of equipment X 100 = % return on investment <b>Line 11 ÷ Line A X 100 = ROI%</b>	<b>21 %</b>	<b>12</b>