

## Cost Analysis: Operation Angels

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As we embark on this journey, it is essential to understand the financial components involved in bringing our vision to life. With a secured line of credit of \$100,000 at 6.67% interest, we anticipate an interest payment of \$555.83 per month. Additionally, we are investing in essential equipment such as a John Deere 2032r tractor, website development, legal fees, permits, and regulatory fees. Notably, insurance estimates for our agri-tourism components are pending confirmation. Furthermore, we are converting two small barns for guest accommodation, implementing solar systems, composting toilets, and addressing water needs. The total initial investment ranges from \$61,815 to \$66,215.52, with projected revenue for Year One estimated at \$50,000, resulting in a projected loss of -\$11,815 to -\$16,215.52.

Moving forward, our projections extend to Year 6, covering various developments and operational expenses. These include the introduction of a 20' Yurt, comfort station renovations, farm management, and the introduction of seasonal special events. With each year, we anticipate steady revenue growth, aligning with our commitment to sustainable and profitable operations. Our estimated ROI, including the initial property investment, is expected within 9-10 years, demonstrating the long-term viability and success of the project.

As we continue to refine our financial strategies and operational plans, we remain dedicated to transparency and accountability. We look forward to your feedback and collaboration as we navigate this exciting endeavor together.

**Year One**

\$100,000 secured (home equity) line of credit at 6.67% equals interest payment of \$555.83/month

Tractor- John Deere 2032r \$32,900 @4.99% 84months equals \$452.13

*\*\*Please note insurance estimates for the agri-tourism components of the property are still under consultation and will be added to the projections below pending written confirmation from the insurance company.\*\**

Website \$2,000

Legal, Permits/Regulatory Fees TBV estimated \$13,000-\$15,000

Miscellaneous Tools/Equipment (Shovels, rakes, wheelbarrows, misc. carpentry tools, garden tools) \$7,000-\$10,000

Conversion of two small barns for guest accommodation 600sq/ft (\$8-\$11sq/ft) \$6,600 x 2 = \$9,600-\$13,200 +20% for unforeseen expenses = \$11,500-\$15,840

+Solar System(s) [www.microgreen.com](http://www.microgreen.com) 4kw system \$6,500 x 2 = \$13,000

+Composting Toilets- Natures Head Composting Toilet \$1,000 x 2 = \$2,000

+Water- \$1500-\$2000 = \$3,000-\$4,000

Total =\$29,000-\$34,840 (Est. ROI on guest accommodation equals one operating season based on average local occupancy rate and average nightly rental fee as per financial plan)

Total =\$45,200-\$49,200 plus 10% contingency = \$49,720-\$54,120

+Liabilities (LOC and Tractor) \$5,425.56+\$6,669.96 =\$12,095.52

Total =\$61,815-\$66,215.52

Estimated revenue Year One =\$50,000

Projected loss for Year One equals -\$11,815/-16,215.52

In Year One, our agri-tourism project incurs initial expenses alongside investments in essential assets and infrastructure. These include a secured line of credit of \$100,000 at 6.67%, facilitating various purchases such as a John Deere 2032r tractor and website development. Additionally, legal and regulatory fees, equipment procurement, and barn conversion for guest accommodation are essential components of our initial investment. While insurance estimates remain pending, our estimated total investment ranges from \$61,815 to \$66,215.52. Despite projecting a revenue

of \$50,000, we anticipate a projected loss of -\$11,815 to -\$16,215.52, reflective of our commitment to laying a solid foundation for sustainable growth and success in the future.

### **Year Two and Three**

Legal, Regulatory Fees/Permits -\$3,000-\$5,000

20' Yurt- \$18,000 (including solar system)

+Yurt Platform =\$3,000-\$5,000

+Water =\$1,500-\$2,000

+Composting Toilet =\$1,000

Total =\$23,500-\$26,000x3=\$70,500-\$78,000 (Est. ROI on guest accommodation equals one operating season based on average local occupancy rate and average nightly rental fee as per financial plan)

Comfort Station (renovation of existing volunteer space for overnight guest washrooms and showers.) =\$8,000-\$10,000

Miscellaneous tools and equipment =\$5,000-\$7,000

Farm Manager =\$30,000-\$50,000

Total =\$113,500-\$145,000

+Liabilities (LOC and Tractor) \$5,425.56+\$6,669.96 =\$12,095.52

Total =\$125,595.52-\$157,095.52

Estimated revenue Years 2-3 =\$139,000

Projected profit/loss for Years 2-3 =\$13,404.48/- \$18,095.52

In years two and three of our cost projection, we anticipate a return to profitability following the initial investment phase. With legal and regulatory fees, the introduction of three 20' Yurts complete with solar system, and essential infrastructure enhancements such as a comfort station renovation and equipment procurement, our estimated total investment ranges from \$125,595.52 to \$157,095.52. Despite projecting a revenue of \$139,000, we anticipate a slight projected profit or loss of \$13,404.48 to -\$18,095.52. This period marks a pivotal transition as we continue to invest in enhancing guest accommodations and operational efficiency while aiming for sustainable financial growth and success.

**Year Four and Five.**

Introduction of seasonal special events (Halloween, Holiday Festival of Lights, etc.) -\$15,000-\$20,000

Main Barn Conversion to event space \$10-\$15/sq/ft =\$45,000-\$50,000

Lavendar and/or sunflower cultivation:

+Farming tools and equipment =\$11,000-\$22,000

+Greenhouse/Hoophouse =\$4,000-\$10,000

Total =\$15,000-\$32,000

Farm Manager =\$30,000-\$50,000

Part-time Hospitality and Special Event Manager =\$20,000-\$30,000

Total: \$130,000-\$152,000

+Liabilities (LOC and Tractor) \$5,425.56+\$6,669.96 =\$12,095.52

Total =\$142,095.52-\$164,095.52

Estimated Revenue for Years 4-5 =\$233,000

Projected profit for Years 4-5 =\$68,904.48-\$90,904.48

In years four and five of our cost analysis, we anticipate a substantial increase in annual profits as we expand our offerings and revenue streams. With the introduction of seasonal special events such as Halloween Haunt and the Holiday Festival of Lights, alongside the conversion of our main barn into an event space, we are poised for growth. Additionally, investments in lavender and/or sunflower cultivation, alongside essential equipment and infrastructure enhancements, further bolster our revenue potential. With strategic staffing additions, including a farm manager and part-time hospitality and special event manager, our estimated total investment ranges from \$142,095.52 to \$164,095.52. Projecting a revenue of \$233,000, we anticipate a significant projected profit of \$68,904.48 to \$90,904.48 in Years 4-5, underscoring our clear transition to higher annual profits and sustainable financial success.

**Year Six and beyond.**

Farm Manager =\$30,000-\$50,000

Part-time Hospitality and Special Event Manager =\$20,000-\$30,000

Estimated annual property maintenance and improvements \$15,000-\$20,000

Estimated equipment maintenance and replacement \$5,000-\$7,000

Liabilities (Tractor) \$5,425.56

Total=\$75,425.56-\$112,425.56

Estimated Revenue for Year <6 =\$300,000

Projected profit for Year <6 =\$187,574.48-\$224,574.48

In this phase of our cost analysis, we anticipate reaching full-scale operations and maximizing profitability. With essential staffing in place, including a farm manager and part-time hospitality and special event manager, plus an established and capable group of core volunteers, we are poised for efficient operations and exceptional guest experiences. Furthermore, estimated annual property maintenance and improvements, alongside equipment maintenance and replacement, ensure the ongoing functionality and attractiveness of our property. With liabilities, including the tractor, our estimated total investment ranges from \$75,425.56 to \$112,425.56. Anticipating a revenue of \$300,000 by year six, we project a significant profit of \$187,574.48 to \$224,574.48. This phase marks a pivotal achievement as we complete major projects, decrease capital expenditures, and transition to full-scale operations, setting the stage for sustained profitability and long-term success.

### **Return On Investment**

Estimated ROI (including initial property investment) equals 9-10 years:

Year One	-\$16,215.52
Year Two	-\$18,095.52
Year Three	+\$13,404.48
Year Four	+\$64,904.48
Year Five	+\$90,904.48
Year Six	+\$187,574.48
Year Seven	+\$224,574.48
Year Eight	+\$224,574.48
Year Nine	+\$224,574.32
	=\$996,200.32

In our final assessment of the cost analysis, we observe a steady progression towards maximum profitability over the projected period. While the initial return on investment (ROI) will be slow, with anticipated losses in the first two years, we will quickly transition to positive returns in year three. From there, our ROI will experience exponential growth year-over-year, culminating in a substantial total ROI of \$996,200.32 over nine years, representing a near complete return of the initial property investment. This trajectory demonstrates our commitment to long-term sustainability and financial success, as we diligently implement strategic measures to enhance efficiency, diversify revenue streams, and maximize profitability. With each passing year, our rapid climb to maximum profitability will underscore the resilience and viability of our agri-tourism project.