Project Cost Analysis for Improvement or Equipment

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	$	**A**
Expected Economic Life *(how long it will last)*	___ years	**B**
Annual Depreciation Cost total cost of equipment ÷ how many years it will last Line A ÷ B = C	$_____/per year	**C**

Annual Budget for Improvement or Equipment	*Increase (decrease)*	
		Line
Additional Revenue ***(how much more crop production in $$)***	$	**1**
Multiply by Gross Margin ***(same as on the One Page Plan)***	%	**2**
Additional Gross Margin ***(Line 1 X Line 2)***	$	**3**
Annual Depreciation Cost ***(subtract Line C, cost per year)***	$ ( )	**4**
Interest Expense ***(subtract cost of borrowing money for project)***	$ ( )	**5**
Operating Costs:		
(subtract all other operating costs) Utilities	$ ( )	**6**
Labor	$ ( )	**7**
Other costs	$ ( )	**8**
	$ ( )	**9**
	$ ( )	**10**
Net Income ***(subtract lines 4-10 from Line 3)***	**$**	**11**
Calculate Return On Investment Net income ÷ cost of equipment X 100 = % return on investment **Line 11 ÷ Line A X 100 = ROI%**	**%**	**12**