**APPENDIX 3**

BREAK EVEN – ECONOMIC FEASIBILITY ANALYSIS

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **(Year 0)** | **(Year 1)** | **(Year 2)** | **(Year 3)** | **(Year 4)** | **(Year 5)** | **TOTALS** |
| Net Economic Benefit | $0 | $0 | $0 | $1,778,800 | $3,185,670 | $3,498,910 |  |
| Discount Rate (12%) | 1.0000 | 0.8929 | 0.7972 | 0.7118 | 0.6355 | 0.5674 |  |
| PV of Benefits | $0 | $0 | $0 | $1,266,115 | $2,024,551 | $1,985,375 |  |
|  |  |  |  |  |  |  |  |
| **NPV of all Benefits** | **$0** | **$0** | **$0** | **$1,266,115** | **$3,290,666** | **$5,276,041** | **$5,276,041** |
|  |  |  |  |  |  |  |  |
| One-time COSTS | ($3,310,000) |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Recurring Costs | $0 | ($1,818,950) | ($297,250) | $0 | $0 | $0 |  |
| Discount Rate (12%) | 1.0000 | 0.8929 | 0.7972 | 0.7118 | 0.6355 | 0.5674 |  |
| PV of Recurring Costs | $0 | ($1,624,063) | ($236,966) | $0 | $0 | $0 |  |
|  |  |  |  |  |  |  |  |
| **NPV of all Costs** | **($3,310,000)** | **($4,934,063)** | **($5,171,028)** | **($5,171,028)** | **($5,171,028)** | **($5,171,028)** | **($5,171,028)** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Overall NPV** |  |  |  |  |  |  | **$105,013** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Overall ROI - (Overall NPV / NPV of All Costs)** |  |  |  |  |  |  | **0.02** |
|  |  |  |  |  |  |  |  |
| **Break-Even Analysis** |  |  |  |  |  |  |  |
| Yearly NPV Cash Flow (Costs - Benefits) | ($3,310,000) | ($1,624,063) | ($236,966) | $1,266,115 | $2,024,551 | $1,985,375 |  |
| Overall NPV Cash Flow | ($3,310,000) | ($4,934,063) | ($5,171,028) | ($3,904,914) | ($1,880,363) | $105,013\* |  |

\*Marked in red is the break-even point, when the donor of the operational grant will recoup costs associated with the operational grant, if this grant should be structured as a long-term loan.