

Freedom 2000 LLC dba Cando Recycling and Disposal – financial assumptions including Transfer Station

Financial Information

Financial information previously provided has been substantially enhanced.

First and foremost, the amount of Cash in the bank has been increased to \$64,326.90. This has been done by removing some equity from another company which I own and placing the additional equity into this venture.

Further to this I have completed the purchase of assets belonging to Canadian company which was formerly involved in waste disposal services in the Vancouver area. This purchase was made by my family's money in Canada and those assets will be moved into this operation in my name and be considered part of my capital. These assets include a roll off container truck, and 6 containers, all in very good condition and with significant life expectancy.

As previously indicated, private back up financing has been made available in the amount of USD\$50,000.00 and a letter of commitment is attached to this submission.

Total capital outlay for items that require purchasing for startup will be approximately \$85,100.00 which means that we will have to use some of our financing. A review of the budget indicates a 13% margin which allows for servicing of the debt which will be incurred to accommodate the initial capital expenditures.

I will not be taking a salary from this company until such time as it is firmly on its feet and functioning properly. I believe that the assumptions which follow are conservative and that after the first year of operations we will be well on our way to being a strong member of the Point Roberts business community.

Budget Assumptions

Revenue:

Commercial Customers: \$10,500 per month; based on 31 commercial customers requiring twice weekly collection of 1 ½ yard containers - \$346.55 per month each. *(NB. not all customers will require twice weekly collection however, there are several commercial customers who have more than 1 container and require multiple pickups).* This revenue amount is consistent with the previous collector's revenue stream for this category.

Residential Customers: \$6,000.00 per month; based on 335 residential customers requiring weekly collection of 32 gallon cans - \$20.90 per month each. *(NB. This calculation would provide for revenue of \$7,000.00 per month, and it is recognized that not all residential customers receive weekly collection services therefore the amount has been tempered in order to allow for those customers who receive service every other week)* This revenue amount is also consistent with the previous collector's revenue stream for this category.

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Residential Recycling: \$1760.00 per month; based on 335 residential customers receiving every other week recycling – \$5.33 per month.

Pass through Disposal: \$5,800 per month; this number is based on previous collectors averages for these services.

Other Income: \$8,300.00 per month. This is considered unregulated income and comes from transfer station self haul by customers who have exemptions from the County and those seasonal vacation homes who are not required to have curbside pickup.

Expenses

Administration

Ads: Advertising in the local paper or other applicable venue.

Computer: \$250.00 per month; Depreciation expense for Computer, printer and industry software programs (Wastebooks). \$3600.00 depreciated over 24 months plus additional for printer cartridges and possible purchase of a mobile data entry device for the driver to streamline data input requirements.

Contract Financial Services: \$1000.00 per month; Kinsey Reports (outline attached) to provide all bookkeeping services at \$25.00 per hour. Roughly 6 hours per week, so around \$650.00 per month. Data entry clerk at \$12.00 per hour roughly 7 hours per week on average.

Insurance: \$75.00 per month for Commercial General Liability Policy. Has decreased due to actual billing for Insurance Company

Licenses and Regulatory Fees: \$300.00 per month; WUTC annual assessment etc.

Postage: \$300.00 per month; billing and other mail

Printing and Reproduction: \$200.00 per month, billing and other correspondence cost for paper stock and notices.

Supplies, Business: \$250 per month; miscellaneous office supplies.

Telephone: \$150.00 per month; telephone service and internet connection as well as website hosting.

Direct Labor

Full Time: \$3900 per month; 1 fulltime employee (driver) CDL qualified. \$22.50 per hour based on a 40 hour work week. 2080 hours per year divided by 12.

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Part Time: 3200 per month; 2 part time employees (swamper and station attendant). \$18.50 per hour based on a 20 hour work week.

Indirect Labor

CDL Expense: \$30.00 per month; any associated expense relating to CDL and Safety.

CDL Medical Expense: \$30.00 per month; annual medical testing for qualified personnel to insure compliance with CDL requirements.

Controlled Substance and Alcohol Testing: \$100.00 per month; membership in program and related expenses for employees requiring random testing.

Labor and Industries: \$760.00 per month based on 2 FTE employees at a rate of \$2.1885.

Payroll Taxes: \$355.00 per month; based on 5% of gross payroll.

Vehicle

Depreciation Expense: \$750.00 per month; Garbage compactor truck priced at \$29,500.00 and depreciated over 5 years or 60 months, 492.00 per month; Recycling trailer priced at \$15,000.00 and depreciated over 5 years or 60 months, \$250.00 per month.

Fuel: \$750.00 per month; fuel for all vehicles

Insurance: \$350.00 per month; commercial vehicle policy for all vehicles with Form E filings to the WUTC and USDOT. Has dropped due to actual billing by Insurance Company.

Registration and Licensing: \$300.00 per month; annual tabs and prorate (if required)

Repairs and Maintenance: \$250.00 per month; routine maintenance and quarterly CVSA inspection. Any repairs required per pre-trip inspections

Tires and Repairs: \$100.00 per month; Trucks requiring flat repairs from being around the transfer station plus replacement of tires as needed due to normal wear.

Disposal and Processing

Contract Services: \$9200.00 per month; contracted delivery of containers of solid waste from Point Roberts to RDS in Ferndale.

Depreciation Expense – Bins: \$700.00 per month; 40 – 1 ½ yard containers for commercial customers @ USD\$470.00 per container; 4 – 40 yard roll off containers for transfer station and rental use @ USD\$4,550.00 per container. \$37,000.00 depreciated over 60 months = \$700.00 per month.

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Maintenance Expense – Bins: \$200.00 per month; signage, cleaning, greasing all moving parts, painting and general maintenance all bins on a revolving basis.

Facility

Depreciation Expense – Equipment: \$750.00 per month; In the event that Whatcom County is unable or unwilling to purchase improvements previously made to the transfer station, a new scale may need to be purchased. Pricing and installation has come in at approximately \$10,000.00 for this. Additionally there is a requirement for a backhoe or mini excavator for moving containers and compressing garbage in the bins. One is available for lease on an hourly basis (\$30.00 per hour) with the possibility of purchasing it, if it is needed more frequently, for \$12,000.00. Depreciation terms for this type of equipment would be 60 months.

Insurance: \$200.00 per month; Whatcom County requires a \$1,000,000.00 personal injury liability policy and a \$500,000.00 property damage liability policy and that they be named as an additional insured under the current terms of their lease for the transfer station.

Power and Light: \$150.00 per month

Rent: Current rent for the county transfer station is \$1000.00. This is apparently at the request of the current lessee. Previously the rent was \$50.00 per month. It is anticipated that if Whatcom County purchases the improvements to the transfer station that the rent will be \$50.00 plus whatever the costs of those improvements amortized over the term of the lease up to \$1000.00 per month.

Repairs and Maintenance: \$250.00 per month; maintenance of the grounds and equipment that is on site as well as the fence that surrounds the transfer station. Repairs for any damage caused by equipment working within the facility.

Water: \$50.00 per month; metered water usage for cleaning bins and general sanitary applications.

Tax, Business

County Excise Tax: \$585.00 per month; 2.91 percent on all charges excluding recycling and drop box pass through disposal. \$8.50 per ton on drop box pass through.

State Excise and B & O Tax: \$1,120.00 per month; 3.6% on all charges for solid waste collection.