# Peddocks Island
# Eco-Retreat and Family Camp

A Business Plan

The Island Alliance
April 4, 2003

The view of downtown Boston over Fort Andrews, Peddocks Island

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## I. Executive summary

**The Island Alliance plans to develop an eco-retreat and family camp venture in an abandoned military fort on Peddocks Island seven nautical miles from downtown Boston. The rustic, environmentally-conscious enterprise will offer a wide range of programming for day-use and overnight visitors that will capitalize on the quality services and brand recognition of the National Park Service. The vision is to provide an exciting, high-quality educational and recreational resource for Boston-area families and organizations in a truly unique island setting. Its social enterprise goals are to provide an accessible, affordable, and educational retreat from the city and financial support to Boston's newest National Park.**

The Boston Harbor Islands National Park Area, created in 1996, is a magnificent resource of 34 islands all within 10 miles of downtown Boston that has been called the city's last urban wilderness. The Island Alliance (IA) is part of the Park's managing Partnership. As mandated by Congress, The IA's mission is to generate revenues for the Park from the private sector through philanthropy and park-related entrepreneurial ventures. We are the only such organization in the US, reflecting a potential new model for public/private financing and management of national parks. To date we have secured over $10m for the Park.

This plan describes the IA's largest new business venture: the **Peddocks Island Eco-Retreat and Family Camp**. The venture was conceived in 2001 during a comprehensive study of the Park's economic development potential by a consultant team that identified this as the single most promising venture for the Park. As such, *this project is critically important as the catalyst to drive the overall development of the national park and the new model it represents.*

> **Vision:** Provide a unique recreational destination that generates net revenues to support the Boston Harbor Islands National Park Area, preserves a historic fort, and attracts and educates new visitors.
>
> **Mission:** Develop a new day-use and overnight destination on Peddocks Island that will achieve the goals of (1) making the islands more accessible to the public while (2) protecting their natural and cultural beauty and (3) generating revenues for the Park.
>
> **Objectives:** Serve 18,000 campers and 4,800 retreat visitors in Year Five of operations, generating revenues of $2m and $1m respectively.

### Business description

The business will be developed in three distinct phases. The first phase (development of which is already underway) will be the day-use retreat that will begin operating in 2005. After public investment in the fort buildings is secured, the overnight family camp will be added.

In the short term, Peddocks Island will become a nearby daytime destination for Boston corporations and other groups to escape for meetings and recreation. In the long term, it will become an extraordinary overnight destination for Boston-area residents and visitors to recreate and learn during day-long to week-long camping excursions.

Key to the appeal the venture is its location on an island in an exciting 100-year-old fort only a 30-minute boat ride from downtown Boston. The core value proposition is its (1) easy access from Boston to a natural, remote island location, (2) National Park quality standards and branding, and (3) "one-stop-shopping" convenience. The camp will offer a wide range of optional programming and activities based on ecological, historical, and recreational themes. Serving as a "base camp" for park visitors, the venture will leverage everything the National Park and Boston Harbor have to offer. Customers will experience pay-one-price convenience for unique, high-quality lodging, meals, and programming. On average, retreat guests will be charged an all-inclusive daily rate of $100. The family camp daily rates are $100 for adults and $50 for kids, all-inclusive. These prices, in addition to the operating assumptions and expense rates, are based on comparative analyses of other retreat and camp venture revenues and costs.

### Industry and competitive analysis

The two primary customer groups are corporations for day-use retreats and local families for overnight camping. Some day-use retreats already take place in Boston Harbor. The market potential for the family camp appears large, reflecting the nation's robust 'ecotourism' industry. There is currently some direct competition for the proposed facility in Boston Harbor, considerable secondary competition locally and elsewhere, and many comparable ventures in other locations from which lessons have been drawn.

### Management / Operations / Marketing plans

The mission of the Island Alliance is to raise private funds for the Park. A core strategy we employ is to launch partnership-based ventures such as this; we have launched five successful businesses in five years. The IA will operate the retreat center and enter into a partnership with another entity to develop and operate the family camp. The new media will continue to be an important source of marketing, as will word-of-mouth, supplemented by advertising through a range of channels.

### Financial plan / Risk analysis

This is a relatively high risk / return venture with a long time horizon. However, *the retreat facility is financially sustainable, largely capitalized, and already under development.* The venture will ultimately generate a return of 19.6% for the operators.

### *... We've made exciting progress Since August 2002*

- ✓ *The IA has secured seed capital of $5.3m (that Merrill Lynch is managing pro bono).*
- ✓ *Phase I development has started, with Spaulding & Slye Colliers providing project management services at cost.*
- ✓ *The IA has secured a grant of $800,000 for marketing and other operating expenses.*
- ✓ *Several teams, one of which includes a major figure in the development and operation of eco-tourist resorts, have expressed interest in developing and operating the venture.*
- ✓ *The IA, National Park Service and Metropolitan District Commission have begun a roof restoration project on seven of the fort buildings and an asbestos removal project on the Visitor Center building.*

> Hundreds of families live, for a few weeks every year, in tents, pitched at points looking upon the harbor, and, of late, numerous light, wooden bungalows have been built. ... If [Boston Harbor's] attractiveness, as a summer-resort, can be materially increased by a moderate outlay, it will be profitable to make such an outlay.
>
> -- Frederick Law Olmstead
> Founder of American Landscape Architecture
> to Boston City Council, 1887

### *The time is ripe for the Island Alliance to develop a venture that many have envisioned before*

The Boston Harbor Islands National Park Area was created by Congress in 1996. The Park is a magnificent resource of 34 islands that has been called the city's last urban wilderness. Contained within an area of 50 square miles, the islands include 1,600 acres of land with 37 miles of undeveloped shoreline, and unlimited scenic vistas -- all within 10 miles of downtown Boston. Many major factors are converging to make the Boston Harbor Islands National Park Area (and Peddocks Island) a significant civic initiative for the 21st century: the cleaned-up harbor, depressed central artery (also known as the "Big Dig"), increased water transportation, and increased waterfront development. Over the next twenty years, the Boston Harbor Islands will develop into a nationally-known destination.

A unique provision of the Park's enabling legislation specified a management role for a private nonprofit entity, the Island Alliance (IA), as one of 13 members of the managing Partnership.[1] Our mission is to generate revenues from the private sector through philanthropy and park-related entrepreneurial ventures. It is the only such organization in the US, reflecting a *potential new model for public/private financing and management of national parks.* To date we have secured over $10 million for the Park in programs and cash. This plan describes the IA's largest new business venture.

In 2000, the IA undertook a comprehensive economic development study -- the first of its kind for a US national park -- to identify appropriate programs and projects that would generate revenues to apply to the development and management of the Park.[2] A consultant team that conducted the study included individuals involved with the Golden Gate National Recreation Area and Ellis Island. Their plan's primary recommendation called for the devel-

[1] The Boston Harbor Islands Partnership consists of the National Park Service, United States Coast Guard, Massachusetts Department of Environmental Management, Metropolitan District Commission, Massachusetts Port Authority, Massachusetts Water Resources Authority, City of Boston, Boston Redevelopment Authority, Thompson Island Outward Bound Education Center, the Trustees of Reservations, Island Alliance, Boston Harbor Islands Advisory Council (2 Seats).

[2] Porat Associates and Heritage Partners, *Realizing the Promise: Economic Sustainability Strategy*, 2001, and Sedway Group, et. al., Boston Harbor Islands National Park Area Economic Strategy Phase 2 Report, February 2001.

opment of an eco-retreat and family camp facility on Peddocks Island -- a rustic, environmentally-sensitive enterprise offering a wide range of educational programming for day-use and overnight visitors. Several other detailed studies from the past decades support and inform this business plan.[3] Peddocks Island, which is owned by the State of Massachusetts, has been seen as a jewel in Boston Harbor for decades. We believe its time has come.

### *Peddocks Island will become a nearby destination for metro Boston residents and visitors to enjoy day-long to week-long excursions*

In answer to the fast-growing "ecotourism" industry, the plan is for a new facility for family camping, group events and retreat outings only a short boat ride from downtown Boston and its South Shore.[4] As the name implies, the Peddocks Island Eco-Retreat/Family Camp is a two-pronged business concept for overnight guests (campers) and day-use (retreats), respectively. As such, the facility will serve two very distinct markets, each having numerous customer segments, as detailed in the Market Analysis.


The proposed facility will serve as a **retreat center** for businesses and other institutional clients, and other group events such as picnics and weddings. Daytime visitors will be welcomed concurrently with overnight campers, but with separate facilities and services. In addition, retreat services will be available in the spring and fall seasons when colder weather limits the comfort of overnight camping. Programming services will be available to all retreat clients, although many are expected to seek picnic and event space or quiet environs for self-determined activities.

The **family camp** component will provide easy "all-inclusive" overnight camping vacations including comfortable accommodations, three meals per day, and a wide range of education and recreational activities. It will be staffed in part by park rangers. A tradition in other parts of the US, many family camps are found in the northeast and northwest within or adjacent to national parks and forests. Several family camps in California are operated by universities or cities. A recent article summarizing 76 Family Camps nationwide concludes "They cost far less than

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[3] "*Peddocks Island Eco-Retreat, Information Memorandum*," Volunteer Consulting Organization, Harvard Business School, April 2002; Boston Harbor Islands National Park Area General Management Plan, forthcoming (draft available); "*Realizing the Promise*," Island Alliance, November, 2001; Peddocks Island Reuse Feasibility Study, Counselors of Real Estate, May 1999; Peddocks Island Building Study, Moore-Heder Architects, 1989; Peddocks Island Master Plan - Physical Plan, Sasaki Associates, Inc. and Peddocks Island Trust, January 1984.

[4] Ecotourism, with minor variations is generally defined as "nature based, sustainably managed, conservation supporting, environmentally and culturally educated tourism which benefits the local community." (This definition from the Ecotourism Ring.)

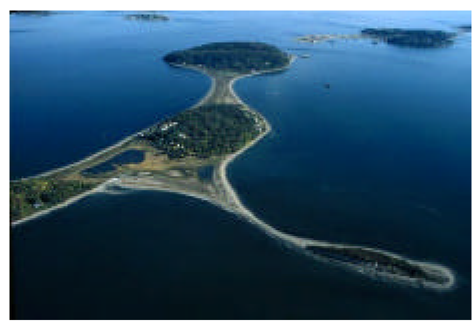
any commercial vacation facility, and yet they bring you priceless experiences that you and your children will remember throughout your lives."[5]

### *The venture will be developed in three phases*

The business venture will be developed in three core phases. **Phase I** will develop facilities for single-day retreats. Improvements, most of which have already been capitalized, include basic infrastructure (utilities), enhancement of an existing visitor contact station to National Park standards, a 3,400 square foot events space in a former chapel, and a large outdoor events tent. Importantly, *the retreat facility alone is financially sustainable in 2005.* **Phase II** will consist of the publicly-financed rehabilitation of the fort, including the adaptive re-use of three other key buildings and the stabilization or demolition of other buildings in the fort. Phase II funding is currently being pursued. **Phase III** will develop the Family Camp. Together, the retreat and camp ventures will generate sustainable revenue and returns for the Boston Harbor Islands and one or more development partners. The development and operation of Phases I and III are the focuses of this business plan.

| | | | | |
|---|---|---|---|---|
| **Phase I Development: retreat infrastructure [2003-05]** | **Phase I Operations: day-use retreats [2005-future]** | **Phase II Development: fort rehabilitation [2005-06]** | **Phase III Development: camp development [2006]** | **Phase III Operations: camp/retreat operations [2007-future]** |

### *The most distinguishing feature of the facility is its location on an island in a 100-year-old fort*



Peddocks Island in Boston Harbor, the site of the proposed facility, is one of the largest and most ecologically diverse of the 34 Boston Harbor Islands. Only a 7-mile boat ride from downtown, it offers paradoxical seclusion from Boston. The 187-acre island which is owned by the Metropolitan District Commission (MDC) offers varied terrain, 4.4 miles of coastline, and spectacular harbor and city views. It is also the home of Fort Andrews -- a 26-building coastal fortification built at the end of the 19th Century. "Endicott Period" forts like Ft. Andrews once dotted the US coasts as a means of coastal defense. The fort was abandoned soon after World War II. Today, the fort's overgrown campus -- with rolling landscapes and striking brick architecture -- provides a remarkable backdrop for escapes from the city. Visitors to the island are awed by its once stately -- now ghostly -- buildings and landscaping. It is difficult to capture the magic of Peddocks Island in words or photos, but visitors consistently find it enchanting.

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[5] Grechen Perry Throop , 76 affordable family summer camps, *Arthur Frommer's Budget Travel*, March 2003.

The proposed Phase III facility will adaptively re-use five select buildings in the Fort Andrews campus. In the short run, the other buildings will be stabilized to provide a safe one-of-a-kind backdrop for the operation. In the long run, these buildings will allow for possible expansion and diversification of the facilities beyond the scope of this business plan. Here is a brief overview of the resulting physical features (See also the Site Plan, Photos, and Virtual Tour in the Supporting Documents):

**Phase I:**

- **The pier:** Peddocks Island *already* sports a newly-constructed $2m pier as its primary arrival/departure point. It services large ferries and small pleasure boats alike. Complete with a weather shelter, the pier will also be used for small boating programs and dockside fishing.
- **Visitor center:** The former Fort Andrews guardhouse is a 6,300 square foot building perfectly located for a visitor center at the foot of the pier. The visitor center currently operates in one portion of the building during the summer, with some exhibits concerning Fort Andrews.[6] Architectural plans have been developed for the refurbishment of the building to improve the visitor center and accommodate a catering kitchen, retail, activity space, and caretaker quarters. Funding has been secured to finance these improvements and work is now underway.
- **Events tent:** An events tent is planned for development in the footprint of a former barracks building or another suitable location on or near the parade ground. Combined with the chapel, the events tent will provide a sheltered area for dining and programs.
- **Chapel:** Near the beach and pier is a wood-framed military chapel dating from the 1940s. With interior renovation and minimal exterior work, the chapel has excellent potential as a site for large group activities, including weddings, large picnics, and meetings.
- **Parade ground:** The fort's parade ground (where military marching exercises once took place) is a two-acre open space that forms a green bordered by buildings. The parade ground is suitable for recreational activities, picnics, and casual sports.
- **Trails and beaches:** In addition to the paved roads of Fort Andrews, Peddocks Island currently has several miles of open trails winding throughout its 187 acres. The trails are a wonderful resource, leading through woods and low-lying grasslands to salt marshes, hilltop lookouts, and cliff-top views of Boston Harbor and the city skyline. In addition, the entire 4.4 mile coastline of mixed sand and rock beaches can be circumnavigated on foot. The beaches offer the potential for sunning, swimming, fishing, small boating, beachcombing, and clambakes.

[6] The Island Alliance has already secured funds for the restoration of the visitor center roof and completed the work with the close assistance of the Metropolitan District Commission.

**Phase II:**

- **Food service kitchen:** A full service commercial kitchen will be developed in an adaptively reused building that was formerly the fort's two-vehicle firehouse. The kitchen will prepare three meals per day for campers plus food service orders from day-use groups.
- **Dining hall/café:** Meals will be served in the fort's bakery building directly next to the firehouse/kitchen facility. This building has the capacity to seat 150-200 visitors, in addition to external café-style seating in an existing plaza. (Possible plans for the use of other buildings include the development of the former gymnasium into a larger dining hall.)
- **Amphitheater:** With a commanding presence at the head of the parade ground, the former administration building is a focal point of the campus. Unfortunately, a fire gutted the building and collapsed its roof in the 1990s. The remains of the building have exciting potential, however, as an outdoor theater cobbled from the historic ruins. Conceptual architecture planning for the building includes the removal of the front wall to create a U-shaped ruin whose open end forms a stage facing the parade ground. The theater will support professional and amateur musical and theatrical productions, lectures, and movies for overnight visitors.

**Phase III:**

- **Tent cabins:** Several feasibility studies calling for complete restoration of the fort for overnight accommodations proved overly capital intensive. Rather than restoring buildings for overnight accommodations, this venture will utilize 100 "tent cabins" -- modern canvas tents with rigid metal framing that are a burgeoning trend in ecotourist accommodations. Sitting on raised wooden platforms, tent cabins provide the advantages of low capital investment and high-quality, private three-season accommodations. With high-quality furniture, homey interior touches, and porches, the tent-cabins will offer airy, distinctive accommodations fitting into the themes and landscape of the camp. Several vendors offer tent cabins of different styles.

Importantly, this venture is not the first to propose converting an Endicott-Period coastal defense fort for recreational use. **Diamond Cove Resort** (formerly Fort McKinley) off Portland, Maine is a nearby example that offers accommodations in remodeled fort buildings, an excellent restaurant, and robust corporate event and wedding services. The island is further offshore than Peddocks and located near a smaller city. (One of our board members was one of the resort's developers.) **Fort Baker**, which is now part of the Golden Gate National Recreation Area, is being developed into a retreat center with programs focusing on environmental sustainability. These and related projects directly inform the proposed facility. (See Supporting Documents for details.)

### *The venture will offer high-quality National Park Service programming that leverages everything the Park and Boston Harbor have to offer*

As a principal destination for the Boston Harbor Islands National Park Area, the camping and retreat facility will provide or leverage a wide assortment of programming services for overnight and day-use guests. The needs of different customer groups (i.e., families versus corporate groups) will obviously vary, but a broad range of high quality offerings will be available within the pay-one-price fee.

Program offerings will capitalize on the strengths of the National Park Service, MDC, and other park Partners to offer top-quality interpretive programming in historical, cultural, and scientific themes. Additional recreational programming will be offered by the camp operator. As detailed in the Program Guide attached in the Supporting Documents, offerings will include **nature and outdoor** programs (such as hikes, outdoor education, adventure activities, and small boating), **sports** (including team and informal camp-style sports), participatory **music, arts and entertainment** (including crafts, drama, and photography), **indoor activities** and sports, **social events** (including Happy Hours with simultaneous kids' activities, campfires, team-building activities, and theme dinners), **kids-only** programs (teen dances, puppet shows, kite flying, and face painting), and **passive activities** (hammocks and rope swings). Rangers would lead **off-island tours** to other Park attractions (including several other forts, three lighthouses, Harbor Islands Discovery Cruises, and other island walking tours). Ranger-led or solo tours would also take groups to the **mainland**, leveraging everything Boston Harbor and the city have to offer (including Nantasket Beach, the JFK Library, whale watches, Boston museums, the USS Constitution, and the Freedom Trail).

In short, Peddocks Island will become a multi-faceted asset for Boston's citizens, institutions, and visitors -- a place for meetings and simple, easy getaways; a place to witness history, sea, and nature and to sleep under the stars without ever really leaving town.

### *The facility's ecological design will support important programming and marketing themes*

A distinctive feature of the facility, based in principle and practicality, is its ecological theme. In keeping with the general management plan for the entire park, the facility will use renewable energy sources and 'green' building technologies whenever possible. These can have practical advantages on a sensitive island location with limited infrastructure.

- Peddocks already has a solar system for electrical power that is likely to be enhanced along with other infrastructure improvements to the island. Solar thermal energy is also a possibility for some uses. Rechargeable, no-emissions electrical vehicles and boats may also be practical.
- Use of recycled plastic lumber products for tent-cabin decking platforms, picnic tables, and other items may prove advantageous.
- The tent cabins themselves are green by design, and may be supported by composting sewage and greywater treatment systems.

- Construction work can re-use materials, such as bricks and slate, salvaged from buildings that cannot be saved. This will reduce purchasing and shipping costs, as well as conserve the historic buildings.
- Finally, the Town of Hull, where Peddocks Island is located, has approached the IA with the possibility of partnering in the development of a wind turbine on the island. This would supplement a turbine the Town recently installed on the mainland (see photo) and provide a source of power and substantial additional revenue to the venture. Importantly, however, this development is not assumed in the Financial Plan due to its uncertainty.

Hull's new 660kW wind turbine viewed from Peddocks

For some visitors to the island, these features are expected to represent destination assets which, with the right programming support, can become an attraction in their own right. At the very least, they will passively contribute to the sense a visitor gets that they are visiting a special place.

In addition, in Massachusetts, programs such as renewable energy credits can help finance such features. And while these technologies may seem unlikely to some readers, it should be noted that nearly all of them are *already* in use within the Park.

### *The facility will provide social benefits to the city as an accessible and affordable amenity*

The immediate Boston area offers relatively little by way of camping and outdoor retreat facilities. When they want to "get away," many Bostonians flock to Cape Cod, Martha's Vineyard, Nantucket, Maine, or the White Mountains (and spend hours in traffic to do so). People without the financial or transportation resources to travel and stay there are effectively excluded from these destinations. Few open-space opportunities exist that are near downtown, completely accessible by public transportation, and yet completely isolated from its urbanity. As such, Peddocks Island has great potential as an urban get-away.

The issues of the facility's affordability and accessibility – particularly to city residents -- are critical. In all of its planning efforts, the IA strives to ensure that the Park is affordable and accessible to as wide a range of the public as possible. For example, we have worked to limit the price of a ferry ticket to the price of a movie ticket and to ensure that group and family discounts apply. While conflicting with our mission to generate revenues, affordability of the Park remains paramount and is reflected in the pricing scheme for the Peddocks Island facility.

In addition, since its establishment, the Park has made a commitment to Boston's urban youth. For the past two years our youth corps program has provided summer employment and environmental education to over 100 Boston youth. We are currently expanding the program with an after-school component for the school year. The Peddocks Island facility will provide a location for work projects and educational training for program participants. It may also provide job training opportunities for youths from nearby communities in hospitality, educational and recreational programming, landscape maintenance, construction, and food service training.

### *The venture will enhance the local economy*

The development of the Peddock's venture offers long-term externalities and economic benefits to the city of Boston, surrounding communities, local residents, and Island visitors. Specific examples include revenue for concession businesses and mainland gateway areas, public relations benefits for Boston, and increases in travel and tourism to Boston and the surrounding area.

| **Total Economic Effects** | |
|---|---|
| Sales ($000's) | $5,372 |
| Personal Income ($000's) | $2,014 |
| Jobs | 114 |
| Value added ($000's) | $3,220 |

In conjunction with Michigan State University, the National Park Service has developed an economic impact model specifically for application to its parks.[7] Output from the model using fifth year operations data from the Peddocks Island Financial Plan is summarized in the table. (Other settings are left at their defaults for an urban park.) The model concludes that the venture would directly and indirectly generate 114 jobs and total sales of over $5 million per year. (The complete model is included in the Supportive Documents.)

### *Finally, the venture will support Boston's newest national park*

The venture will provide support to the Boston Harbor Islands National Park Area in three ways. First, it will be the catalyst for achieving and demonstrating the success of the new park management model established by the Park's enabling legislation. It will help us continue to create a new model for park facilities and park management that may be transferable to other parks in the future.

Second, it will enhance the Park itself by providing the positive image of an exciting new amenity and providing a base from which visitors will be able to visit the other island destinations in greater numbers. This will help the Park in its effort to double its current visitation.

Third, it will provide financial support. In keeping with the basic mission of the IA, the venture is expected to provide revenues to help grow and operate the Boston Harbor Islands National Park Area by agreement with the primary operator.

## III. Market analysis

### *The venture will serve two major markets with several customer segments*

The venture will serve two principal markets: day-use retreat visitors and overnight campers. Each has four overlapping customers segments, as identified in the table below. The core customer groups to be pursued are shaded in the table and discussed in depth below; the

[7] Money Generation Model Version 2 ("MGM2"), Department of Park, Recreation, and Tourism Resources, Michigan State U.

remainder are seen as secondary customer groups and are not formally incorporated into this plan or its financials. In reflection of the phased development of the venture, the first market to be engaged will be the day-use retreat market (Phase I). The overnight camper market will be sought after development of the camp (Phase III), which will serve both day-use and overnight visitors.

**Principal Customer segments in two major markets**

| Market / customer segment | Customer Profile | Total potential market | Ann. sales needed | % capture required |
|---|---|---|---|---|
| **A. Day-use retreat visitors (Phase I-III)** | | | | |
| 1. Corporate meetings, retreats, and picnics | Corporate groups inclined towards periodic (probably annual) get-aways for work and/or relaxation in relaxed, rustic environments | 17,036 "work-groups" within Rte. I-95 (see below for definition) | 123 week-day groups of 40 | .72% |
| **B. Overnight campers (Phase III)** | | | | |
| 2. Family and individual campers | Local and visiting individuals and families seeking camping vacations with ecologically-oriented programming and simple lodging | 1.3m Metro-Boston households + 12 million ann. visitors | 6,210 w/ 4-night stay avg. | .05% |
| 3. University-sponsored student and alumni groups | Local university-sponsored student orientation and alumni reunion and educational retreat programs | 35 four-year colleges and universities in metro-Boston | NA | NA |

These primary customer groups are examined in detail below. Importantly, however, there are several other *secondary* customer groups as well. These groups, which are not required by the financial plan but will certainly be pursued, include:

**Non-corporate group retreats and meetings:** This includes all other nonprofit, civic (etc.) groups inclined towards periodic get-aways for work in relaxed, rustic environments. This potentially includes all groups within Rte. I-495. Unfortunately, there is no public data source to determine the size of this potential market.

**Family picnics and weddings:** Families are expected to be interested in picnics, reunions, and weddings in a relaxed environment. Notably, the site will feature a *waterfront chapel* for weddings and full capacity for large receptions. This market will be particularly important for day-use activities on the weekends, when corporate groups may be less likely to assemble. Among the 1.3 million households in greater Boston, it is difficult to estimate the size of the potential private picnic and wedding market. But given only 23 weekends in the day-use season, we expect to be able to capture sufficient numbers. Great Diamond Island in Maine, off a much smaller city than Boston, reports considerable success in this line of business.

**Individual day visitors:** Private day visitors (locals and visitors) already frequent Peddocks Island and, although they represent relatively little revenue potential, would not be excluded by the proposed venture due to its location in a National Park.

**Organized group campers:** Overnight groups will not be limited to families alone. Local and visiting groups (possibly including some corporate groups) seeking camping experiences with ecologically-oriented programming and simple lodging will be marked to as well.

In short, the potential market for Peddocks Island encompass the general population of major city's residents and visitors. The true market potential will depend greatly on the character and quality of services provided, the effectiveness of their marketing, and customers' willingness-to-pay. But e*ven very small rates of capture of these large potential customer bases represent enormous demand potential*. And because the total annual capacity of a seasonal retreat and 100-unit camp facility is relatively small, a very small rate of capture of the true market potential would fill the facility to capacity.

### *Corporate groups will be the primary day-use market*

As the nation's seventh largest metropolitan area, Boston is home to a large number of business establishments -- 167,414 in 2000. Disregarding the many establishments with under 50 employees leaves 10,532 establishments. Based on observations of existing visitation, we believe that these 10,532 establishments are potential customers, and that larger establishments (over 250 employees) have the potential for *multiple* customer groups to exist within the same firm. That is, larger establishments are likely to hold summer functions in smaller "workgroups" (calculated here at 100 employees), each of which represents a discrete potential customer. While approximate, this calculation suggests there are 17,036 work groups of up to 100 employees in the metro area that would be potential retreat customers. We need to capture 123 of these groups annually by Year 5, or 0.7% of the total potential market.

**Boston MSA business establishments with over 50 employees, 2000**

| | Total | 50-99 | 100-249 | 250-499 | 500-999 | 1000+ |
|---|---|---|---|---|---|---|
| **Total establishments (>=50)** | 10,532 | 5,606 | 3,476 | 917 | 326 | 207 |
| **Approx. "workgroups" of <=100** | 17,036 | 5,606 | 3,476 | 3,439 | 2,445 | 2,070 |

US Census Bureau , County Business Patterns with analysis by IA

We do not assume that many of these corporate groups would utilize the camp's overnight facilities, assuming instead that the corporate market is largely a day-use market that could be tapped starting in Phase I. In-depth interviews conducted recently by student researchers for the IA found that demand for unique corporate retreat venues accessible from downtown Boston is strong.[8] Preliminary research segments the corporate retreat into two groups: 1) offices looking for fun summer outings and 2) offices looking for an offsite / working session. Due to anticipated technology limitations on the island, Peddock's will focus on the summer outing niche and "unplugged" retreat or team-building meetings.

[8] In-depth telephone interviews by a student team from the Volunteer Consulting Organization, Harvard Business School, January-March, 2003, advised by Professor Joseph B. Lassiter.

*The value proposition for the corporate market pertains to proximity, quality and convenience*

Research showed that the value proposition for the corporate market has three core elements:

**1. Convenient remoteness** is the facility's key element. For retreats and picnics, remoteness is the primary objective of many corporate retreats and getaways, according to one professional conference planner. The site must offer a unique experience which would allow co-workers to escape the routine of the office.[9] At the same time, proximity is valuable and will be a key point of differentiation for Peddocks Island versus most corporate retreat sites outside the city. One senior executive reports, "We have employees coming in from all of the surrounding suburbs of Boston and to do a retreat outside of the city increases commuting time for someone. The idea that everyone would simply come to work, and go from downtown is very appealing." In short, a corporate group from downtown Boston could come to the office by their normal means of transportation, park, meet at the downtown dock, and arrive on the island 30 minutes later. If they desired, staff could actually be home for dinner after a productive and fun get-away. Proximity also pertains to emergency egress for corporate executives in the event of urgent problems on the mainland. Demonstrating this, management at Diamond Cove Resort in Maine report that having a designated helicopter landing area is reassuring to their corporate clients. In short, convenient remoteness is captured in the Park's tag-line, "So near, and yet so far away."

**2. Facility quality** is a crucial factor for individuals who plan corporate retreats. One conference planner indicates this includes basics like cleanliness and food quality, in addition to comfortable meeting spaces and pleasant outdoor spaces for activities. This appears to be a strong point of differentiation for Peddock's Island. Another local retreat planner reports, "I am not aware of many places that offer that balance between facilities and outdoor activities."[10]

**3. "One stop shopping"** is very important to corporate event planners. Peddock's Island's ability to coordinate water transportation, food, meeting spaces, and outdoor activities from a single point of contact is an important component of the value it can offer.

Our interviews found that companies typically expect to pay up to $120 per employee for such outings, although events involving travel can cost far more. We plan to charge an average of $100 per person, all-inclusive, when the operation opens in 2005. Local events planners feel this is a very achievable figure.

In addition to corporate groups, many other groups in and around Boston are potential customers for the retreat facility, particularly on weekends. The range of potentially interested groups is very wide, including scouting groups, secondary school groups, social and service clubs, other traditional camp groups, veterans groups, and so on. This "other groups" market has proven to be strong in terms of current visitation to the Park. Its potential is, however, difficult to quantify because there is no public data source or census. Without pri-

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[9] Bob Hathaway, professional conference planner, 3/24/03 interview by Mike Burns, Brody - Weiser - Burns, Inc..

[10] In-depth telephone interview by a student from the Volunteer Consulting Organization.

mary research, it is difficult to know how many of these groups exist, how many actually engage in daytime or overnight outings, how much they would pay, and how far they might be willing to travel.

### *The family camp will target the nation's growing 'ecotourism' niche*

In Phase III, when the camp is established, the overnight camper market will be tapped to supplement (and actually exceed) the day-use retreat market. The next several sections address this overnight market.

Among local residents and visitors alike, the family camp will tap the desirable "ecotourism" and historical/cultural traveler markets. These visitors tend to be relatively well-heeled, and should be drawn to a ecologically-oriented destination in a 100-year-old fort.

A total of 48% of US vacationers surveyed in 1998 participated in nature-based activities either heavily (15%), moderately (16%), or spontaneously (18%), with visiting parks, hiking and exploring nature preserves being the most common activities.[11] Another study of US travelers from 1999 found that activities reflect several themes of the proposed venture. This trend, summarized in the accompanying table, speaks favorably to the Peddocks facility, with nearly all of the leading activities being among its primary offerings (indicated in bold italics).

**Top 10 US RESIDENT TRAVELER ACTIVITIES, '99**

| | |
|---|---|
| 1. Shopping | 30% |
| ***2. Outdoor*** | 17% |
| ***3. Historical Places/Museums*** | 14% |
| ***4. Beaches*** | 10% |
| ***5. Cultural Events/Festivals*** | 10% |
| ***6. National/State Parks*** | 10% |
| 7. Theme/Amusement Park | 8% |
| 8. Nightlife/dancing | 7% |
| 9. Gambling | 7% |
| 10. Sports Event | 6% |

SOURCE: TravelScope, a survey product of the Travel Industry Association of America

Because of its rapid growth, a nationwide study was conducted in 1997 of the "historical/cultural traveler." The study found this group to be relatively well-educated and wealthy. Fifty-four percent of historical/cultural travelers had completed college and they reported a high median income. They also were found to take significantly longer trips, averaging 5.2 nights per trip as compared to an average of only 3.2 nights. As a consequence, historic/cultural travelers spent 62% more per trip than the average US traveler.

Importantly, outdoor recreation is not only for the wealthy. A study in 2000 found that outdoor recreation activity by Americans is growing steadily, "increasing appealing to every demographic." It particularly noted increases by middle-class families, and that outdoor recreation is "especially important to families with young children."[12]

According to the Massachusetts Office of Travel and Tourism, Boston attracted 11 million visitors in 2000. The trend at that point was growth of 1% per year. (In addition, Boston is building a new Convention Center near the waterfront that should attract larger numbers of visitors soon.[13]) Relative to the US, Boston's visitors are disproportionately historical/cultural

[11] Ecotourism Society survey, 1998, reported by Sedway Group, 2001.

[12] Joan Raymond, "Happy Trails. America's Affinity for the Great Outdoors," American Demographics, August 1, 2000.

[13] The Convention Center Authority has expressed an interest in tying the Peddocks facility into its visitor stream by marketing it as a vacation site for conventioneers and their families before and after conventions.

travelers. Fully 28% came for historical visits, 6% for national park visits, 4% for outdoor recreation, and 4% for beaches. The lion's share of visitors come during the summer. 11% of summer visitors to Massachusetts come for the beaches, and 10% come for outdoor recreation. The average visitor spends 2.3 nights in Massachusetts and has an average annual household income of $78K. In short, many visitors come to Boston for activities that reflect the themes of the proposed Peddocks Island facility. As such, we believe the Peddocks facility will appeal to a segment of a vibrant and lucrative tourist market that is already inclined to visit Boston.

### *The overnight camping potential market among local residents is large*

With a population of over three million people, Boston is the seventh largest Consolidated Metropolitan Statistical Area (CSMA) in the United States. As summarized in the following table, Metro Boston has a young, well-educated, wealthy, and professionally-inclined population relative to the US as a whole. It has one of the highest concentrations of universities and colleges of any US city. Anecdotally, its population (like many of its visitors) are drawn to outdoor activities and historical places, and tends to be environmentally-conscious and recreationally-inclined. The Massachusetts Office of Travel and Tourism reports that over 60% of families in Metro Boston travel to enjoy "the great outdoors," 73% say they travel to national parks, and 74% travel to get "off the beaten path."

Because households are the primary consumer unit for recreation and vacation services, household trends will drive demand for the family camp. Boston, household numbers grew at rates of 8.5% and 5.6% per decade in the 1980s and '90s, respectively. Massachusetts and New England households increased at similar rates. Median household income growth

| **Demographic comparison: Metro Boston vs. US (2000)** | **Boston** | **US** |
|---|---|---|
| Median age (years) [Boston CITY] | 31.1 | 35.3 |
| College degrees (% of pop. age 25+) | 39.5% | 24.4% |
| Occupation: management, professional, and related (%) | 46.1% | 33.6% |
| Per capita income | $ 29,227 | $ 21,587 |

SOURCE: US Census FactFinder

in Boston grew 45.2% from 1989 to 2000, significantly exceeding inflation.[14] While general, these demographic trends are positive indicators for the Peddocks Island facility. All else equal, growing populations and escalating incomes suggest the facility will be affordable to an increasing number of local families.

In-depth interviews conducted with local families by student researchers suggest that demand for family camping opportunities is high.[15] Based on interviewees' perceptions that many of Peddocks' all-inclusive family camp competitors operate at-capacity, they tended to feel that family camps are "hard to get into." Price is a concern for local families, but this can be mitigated by the range and quality of activities and services. They are willing to pay for a unique experience done well. There is a perception that out-of-state destination camps are

[14] Source for all percentages: IA analysis of data from Claritas Inc., 2000.

[15] In-depth telephone interviews by a student team from the Volunteer Consulting Organization, Harvard Business School, January-March, 2003, advised by Professor Joseph B. Lassiter.

"prohibitively expensive," particularly with the additional travel costs. Further discussions suggested that the camp will most easily draw local families looking for a weekend or three-day trip rather than a weeklong family vacation.

### *The value proposition for family campers is easy, well-programmed fun*

According to in-depth interviews with local Boston families, several themes emerged in the market's perception of the family camp's value, some of which parallel the corporate market:

**1. Proximity.** When asked what it would take to get families out onto the island, one responded "not much, because it is so close." This theme was echoed in all of the interviews. The idea of "getting away from it all in 30 minutes" was broadly appealing. The significant reduction of travel time (planning and hassle) and travel costs were other prominent themes in the family segment, particularly for younger families, who had consistently negative experiences with the chaos and stress of airports.

**2. Quality/safety.** All were adamant that the facility must be "kid-friendly," with plenty of bathrooms, food that appeals to children and a high premium on safety. The National Park Service is well-known for its quality services and facilities and is often cited as the most trusted branch of the US government.

**3. Ease/simplicity.** The experience of disembarking from the ferry and finding meals and activities planned by the camp operator and rangers was particularly valuable, and increased the segment's willingness-to-pay. Its pay-one-price ease to have the whole family unit safely accommodated and collectively entertained was appealing.

**4. Activities for a range of ages.** Most families were very responsive to the camp's potential to entertain a range of ages, including parents, with both recreational and educational activities. Highly valued activities included those that families could do as a group. "My children love boats" was a regularly-repeated theme.

**5. Unique outdoor experience "without the bugs."** Families placed different value on the traditional camping experience, but all responded positively to the idea that they could explore the natural world with their children without the hassles of roughing it in traditional camping. Those most hesitant about braving the outdoors were particularly excited that the tent cabins would be lined with mosquito netting.

**6. Environmental education.** All of the families liked the opportunity to expose their children to a hands-on educational experience that stressed sustainability and conservation. All valued the idea of using the experience to share with their children their own values about protecting the environment.

### *The all-inclusive pricing strategy is based on other family camps*

For overnight guests, the Peddocks Island experience comes with an all-inclusive price covering accommodations, three meals per day, and extensive programming. The camp will charge **$100 for adults** and **$50 for kids** per day, inclusive of all meals and programming.[16]

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[16] This results in a weighted average per person daily rate of $83.33 that drives the Financial Plan.

A 6-night/7-day vacation would cost $1,800 for a family of four. Comparative pricing was performed by the Economic Development Plan team based on a number of comparable family camps (see table below). Peddocks is somewhat below the average price of those facilities. And if their alternative vacation requires leaving town, local families would save in travel expense by going to Peddocks Island instead.

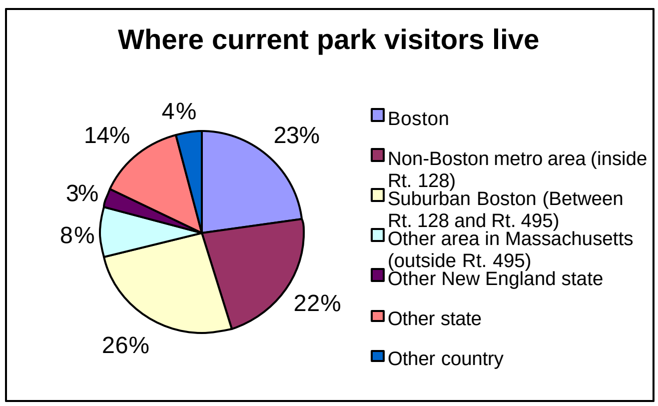
| Facility | Type | Adult daily rate (all inclusive) | Child daily rate (all inclusive) | Typical occupancy |
|---|---|---|---|---|
| Tyler Place, VT | For profit | $119 | $60 | 100% |
| Seven Stones, MA | For profit | $105 | $53 | NA |
| YMCA Hi-Rock, MA | Non-profit | $95 | $95 | 50% |
| Hog Island, ME | Non-profit | $120 | $120 | 100% |
| Winona Family Camp, ME | For profit | $60 | $50 | 70% |
| Stanford Camp, CA | Non-profit | $110 | $62 | 100% |
| Montecito-Sequoia, CA | For profit | $120 | $60 | 100% |
| **AVERAGE DAILY RATE** | | **$104** | **$71** | |

SOURCE: Porat Consulting, Boston Harbor Islands Economic Development Plan

A recent article identifying 76 family camps nationwide (many of which are religious or special interest camps) showed an average price of $1,286 per week for a family of four (see Supporting Documents). At $1,800 per week, Peddocks would be the 12th most expensive. We believe this would be a reasonable standing for a facility with modern tent cabins in an expensive urban market whose price includes extensive programming.

### *Current Park visitors already reflect the anticipated Family Camp market*

About 260,000 recreational visitors ride the ferries to the Boston Harbor Islands or otherwise visit the Park each year. Recent surveys of visitors by researchers from the University of Vermont show that they reflect the anticipated market for the Peddocks facility.[17] Fully 40% of respondents were on the islands with family, and the number indicating they were visiting with families or friends was 78%. The typical (median) group consisted of two adults and two children. There were also many organized groups. As shown in the graph, nearly one quarter were from Boston proper, two-thirds are from the metro area. For 54% of respondents, this was their first visit to the Park, while the remaining 46% were repeat visitors. Together, these findings suggest there is a valuable pattern of repeat visitation, often by local families, that could help support the new Peddocks facility become business.




[17] From National Park Service Inventory and Monitoring study survey of 695 visitors in 2000 by the University of Vermont.

**Recreational activities participated in during visit to Boston Harbor Islands (2000)**

| | | |
|---|---|---|
| 1. | Walking/hiking | 79% |
| 2. | Sightseeing | 72% |
| 3. | Touring historical/cultural sites | 45% |
| 4. | Picnicking | 45% |
| 5. | Watching wildlife/nature observation | 27% |
| 6. | Ranger-led programs | 17% |
| 7. | Other | 13% |
| 8. | Swimming | 5% |
| 9. | Special event | 4% |
| 10. | Camping | 3% |
| 11. | Fishing | 1% |

(Total exceeds 100% because respondents could indicate multiple activities)
SOURCE: National Park Service Inventory and Monitoring Survey, 2000.

When asked the main reason they had visited the Park, visitors' most common responses were (1) to "get away from the usual demands of life," (2) to "get some fresh air," and (3) to " see views of Boston from the Harbor." Once in the Park, visitors reported engaging in a number of different activities, as summarized in the table. The reasons people already visit the Park, and the activities they participate in once they get there, are consistent with the activities the proposed venture on Peddocks Island would offer.

### *Universities and colleges are an intriguing potential customer segment*

An interesting possible market for the retreat facility is local institutions of higher education. It is the least certain of the markets considered, but perhaps also the most intriguing. (To be conservative, this market is *not* assumed in the Financial Plan.) There are fully 35 four-year colleges and universities in metro-Boston, giving it a remarkably high concentration in the US. Interviews conducted with Alumni Offices at Boston College, Boston University, and Harvard University have indicated these institutions do not currently have camp facilities. Such facilities are more common at West Coast institutions, including Stanford University and UC Berkeley, whose camps are typically at 100% occupancy.[18] Many East Coast schools do, however, sponsor new student orientation and alumni programs in the White Mountains, Cape Cod, and other locations. Dartmouth College, for example, is well-known for its White Mountain outing club and freshman orientation programs. Such university-sponsored events tend to be large and expensive. Our student interviewers contacted 10 local university representatives and found that the typical budget for such events can be as much as $125 per person.[19]

In addition, student associations and related groups regularly schedule large outings. These non-institutional student group sales tend to be smaller, require a strong "hook" or unique program, and are more diffuse market. Nonetheless, they are also a potential customer base.

The IA will pursue the higher educational institution market and the structure such a relationship might take. These might range from simple customer relationships, to exclusive occupancy by one institution for scheduled periods, to a formal equity-based partnership. Such a relationship could provide a lucrative annuity to bolster the facility's overall revenue stream. Because this potential market is its likely to focus on the Spring and Fall seasons, its seasonality would dovetail with the summertime focus of the family camp.

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[18] Sedway Group, op. cit..

[19] [19] In-depth telephone interviews by a student team from the Volunteer Consulting Organization, Harvard Business School, January-March, 2003, advised by Professor Joseph B. Lassiter.

### *Remarkably, the events of 9/11 and slow economy might provide some competitive advantage*

Immediately following 9/11, the tourism and corporate events industries were dealt a severe blow. Although spending levels have decreased, the corporate events business has rebounded fairly quickly in volume. "This year, it's fairly steady (compared with) last year," pre 9/11, concludes Jim Scully, vice president of Boston Harbor Islands-based Thompson Island Outward Bound.[20] A June 2002 article quotes Larry Meehan, director of tourism for the Greater Boston Convention & Visitors Bureau, as saying the corporate events industry is seeing "tremendously encouraging signs." He notes that "Local historic facilities…have done well over the past decade…[and] continue to attract events, despite the industry downturn, because of their unique settings." A local event planner explains that "Since Jan. 1, [2002], we've seen more people, particularly on the private side, planning parties and scheduling their events. Part of that is a recession-proof business. People are getting married and that is going to happen regardless of the economy."[21] These are encouraging words for a new events venture in a historic site.

Tourism virtually ceased after 9/11 and when it resumed in 2002, tourists were favoring low-cost vacations, presumably in part due to the continued economic decline. A recent report (illustratively titled, "*In vogue: family vacations on a budget: Wall Street woes and terror fears spur more RV trips and visits to historic sites"*) found that while tourist travel was actually up 2% nationally in the summer of 2002, associated revenues were down almost 10 percent.[22] People's trips were apparently shorter and cheaper. Hotel occupancy in Boston was down even with substantial room rate discounts. (It must be acknowledged that anecdotal evidence indicates that corporate spending on events also declined.) Certain tourism sectors were favored, however, including patriotic historical sites, and family-focused "back to basics" tourism. Moreover, should it continue long term, losses in the visitor market due to decreased travel would actually be *hedged* by increased visitation by locals. If they are traveling less and looking for new things to do locally, a new venture like Peddocks Island could be very well received by Bostonians looking for a new local vacation alternative. In short, a relatively low cost family venue in a national park, stressing military and historical themes, might have certain advantage in the current environment.

## IV. Competitive analysis

A number of ventures in Boston Harbor, New England and beyond may pose competition for the Peddocks venture. Importantly, however, these should also be viewed as indications of the day-use and overnight markets' existence. As indicated below, people already hold retreats and camp on the islands. (Program materials concerning these businesses are enclosed in the Supportive Documents.)

[20] Chelsea Lowe, Bonding on a budget: Companies aren't giving up on corporate retreats, but the scale is smaller, *Boston Business Journal*, June 7, 2002.

[21] Joyce Crane, "Function facilities turn the corner after business slump," *Boston Business Journal*, June 7, 2002

[22] Alexandra Marks, The Christian Science Monitor, August 12, 2002.

### *There is direct competition for the day-use facility*

For corporate groups, the closest ‘competition’ to the proposed facility is an organization that is one of the IA’s formal Partners in the management of the Park – the **Thompson Island Outward Bound Education Center**. As illustrated in the following table, Thompson Island has maintained a brisk corporate outing and picnic business in recent years, serving approximately 250 groups annually. (Our own financial model requires 173 groups of 40 people by its maturity in Year 7.) But, while indicative of the general strength of the corporate market, the Outward Bound leadership programming is unique to itself, involving specific team-building and physical activities, such as ropes courses and climbing. The Peddocks facility will neither try to emulate the Thompson Island program experience nor try to directly compete with it. Instead, we will work with Thompson Island to develop compatible programs and joint ventures.

**Thompson Island Outward Bound corporate programs, 1999**

| Program | Description | Visitors | Revenues | Average per visitor |
|---|---|---|---|---|
| Professional | 1-7 day overnight programs | 1,777 | $ 580,806 | $ 327 |
| Enterprise | typically 1-day conf / picnics | 11,846 | $ 902,761 | $ 76 |
| **Total** | | **13,623** | **$ 1,483,567** | **$ 109** |

Source: Thompson Island, as reported by Sedway group; average calculation by Island Alliance

A second source of direct competition for the corporate event market is **Georges Island**, where the current food vendor began providing catered events services in 2002. In its first year, a total of 36 events were held, serving a total of 1,361 people, and generating over $27,000 in revenues. This business is operating in direct partnership with the IA, returning a modest per-head fee to the IA in exchange for marketing and promotion. As such, and because there is no programming associated with these catering facilities, the threat of competition from this operation appears minimal. Like Thompson Island, it is possible the vendor could actually become a partner in the venture.

Beyond the islands are many opportunities for corporate getaways. The Greater Boston Convention and Visitor Bureau identifies 39 “unique meeting and reception sites,” although the range is wide and many are simply large restaurants. Only eight of them are outdoor venues. Beyond the city are amusement parks, country clubs, other parks, and other venues for corporate getaways. As such, there is a diverse spectrum of ‘retreat’ options available. And because they are highly dependent on the needs of the customer, and are often negotiated individually, prices for even the *same* venue can vary considerably.

### *Locally, there is little direct competition for the family camp, but considerable secondary competition*

Ironically, one small source of competition is actually located in the Park and on Peddocks Island itself. Peddocks and three other Harbor Islands have historically provided traditional “no-frills” camp sites. This camping is essentially free, with very minimal services provided, and receives very little marketing. In 2002, 4,000 people camped on the Harbor Islands, but only 112 were on Peddocks. While this traditional camping -- and public access in general -- will *not* be eliminated by the proposed venture, these campers will not be eligible for free family camp programming or meals, and with only 12 campsites, they are unlikely to pose major competition.

There is very little opportunity for camping in Boston. Besides the Boston Harbor Islands, the Massachusetts Office of Tourism and Trade lists only two other recreational camping areas in the entire Greater Boston region.[23] Only one of them offers cabins, and it is actually over 30 miles from downtown. We only know of only two other camping facilities. Ponkapoag Camp in Randolph MA, 15 miles from downtown, provides no food or programming, but is *100% occupied* throughout the summer, according to the manager. Wompatuck State Park in Hingham (20 miles from downtown) has 450 traditional campsites.

Most local families interviewed by our student team saw the primary competing experience as “a trip to the beach” or other nearby trip rather than another family camp experience in the region. In consumers’ minds, family camps that require travel time are in a separate “destination” category that required additional planning, time and money. For this market , there are many secondary competitors to the proposed facility that will compete in different ways and to different extents. These include Boston’s main tourist attractions. (The top five include the Museum of Science, Museum of Fine Arts, New England Aquarium, Children’s Museum, and Boston National Historical Park.) They also include Boston-area parks (e.g., Blue Hills Reserve, Middlesex Fells, Walden Pond, Minuteman National Park) and more distant destinations (e.g., the White Mountains of New Hampshire, Green Mountains of Vermont, Cape Cod, and the MA, NH, ME, and RI seashores) that can be reached for day-long and overnight recreation trips. While general competitors for outdoor recreation and historic visitor markets, these destinations are clearly different from the Peddocks Island facility. Nonetheless, the venture will compete with them for overall market share.

For out-of-town visitors, the facility will compete with the general hospitality industry of Boston at some level. That market is generally strong, with very high occupancy rates of 77% in 2000. It is also exceedingly expensive, with average daily room rates in 1999 of nearly $190 -- second only to New York City. (In addition, daily average meal rates are $88.)[24] Fully 20% of room occupancy reflected leisure or tourism travelers, and an additional 3% were tour groups. As discussed above, this market has changed following 9/11 and the slowed economy, but its *relative* position in the national hospitality market is likely to remain little changed. Moreover, the camp could provide a joint marketing tool where hotels (like the new convention center) could offer group meeting customers the opportunity to bring families along for a nearby vacation at the camp. For the niche market of tourists who appreciate non-traditional accommodations, and would accept a 30-minute boat ride, the Peddocks facility could reflect an exciting, low-cost alternative to downtown lodging. As such, it might appeal to a youth hostel market that is currently served by only one Boston hostel.

[23] Massachusetts 2003/2004 Getaway Guide, Massachusetts office of Travel and Tourism.

[24] Business Travel News, Year 2000 Corporate Travel Index.

## V. Marketing plan

Marketing the retreat center to a corporate market and the camp to families will clearly involve separate marketing campaigns. The key outcome for the marketing of the venture will be its occupancy rate, along which several milestone goals have been defined. The Financial Plan for the retreat center (Phase I) requires occupancy of 33% in year one to 50% by year five over the May-September season. The camp (Phase II) relies on 70% tent cabin occupancy in its first year of operation, climbing to 90% by year seven across its June-August season. While these levels of occupancy have been achieved in comparable ventures studied, there will need to be significant effort to market Peddock's to first time users in order to achieve these levels. As noted in the Management Plan, the IA has secured funding for a Director of Programs and Marketing whose responsibilities will include the further development and implementation of this marketing plan. In addition, the project includes marketing budgets of $80k for the first year for the corporate retreats and $86k-$124/year for the first five years of the camp.

### *The marketing opportunities for Peddocks Island visitors stem from quality and convenience*

The proposed facility offers a number of inherent marketing strengths. These generally apply to both the retreat and camp markets and include:

- **Proximity to Boston:** 7 miles from downtown or 30 minutes by boat.
- **Island niche:** Islands have a romantic psychological status related to remoteness and escape. As an early Park slogan said, "There's something about an island…"
- **Strength of the National Park brand:** The National Park Service is the most trusted branch of the Federal Government, and enjoys very powerful brand status based on the quality of its facilities and the beauty of the resources to which it is entrusted.
- **Open space:** Peddocks Island is 187 acres of relatively wild space for exploration, and leverages 1,600 acres of the Park as a whole (plus 50 square miles of surrounding ocean). The islands represent the largest open space in Boston.
- **Diversity of activities leveraged by the Peddocks venture:** As indicated above, visitors will have the resources of all of Boston Harbor at their disposal.
- **Aquatic recreation:** With its dramatic cleanup, Boston Harbor is a place where kayakers, boaters, swimmers, beach-walkers, and fishermen can recreate.
- **The "stories" of the islands:** The islands are known for military and maritime history, culture, biology, geology, and folklore. Most visitors find one of these themes appealing.

In short, while the eco-retreat/family camp facility is unique for its island fort setting and programming, the siting of such a facility *just a few miles offshore* from downtown Boston is the core of this marketing opportunity.

The perceived weaknesses that we need to address in the final Marketing Plan (and some real weaknesses addressed in the Operating Plan) include:

- **History of water pollution**. For centuries through the mid-1990s, Boston Harbor was abused as a convenient receptacle for sewage. Happily, now that dumping has ceased, its tides and currents have quickly restored the Harbor's water to swimming quality (particularly offshore among the islands). Nonetheless, perceptions of a "dirty" harbor endure as the Park's greatest barrier to visitation. Again, all of our marketing efforts seek to address this perception.
- **Ferry boat access:** Visitors, particularly for corporate retreats, will require frequent (and perhaps on-demand) ferry service. This service must be a prominent feature of all marketing efforts in order to capture the advantages of the islands geographic proximity. In addition, despite its rich maritime history, $21^{st}$ Century Boston is not accustomed to riding ferries, which needs to be considered in marketing messages.
- **Park awareness:** The Boston Harbor Islands only became a national park in 1996. As a result, many area residents (and many current visitors) are currently unaware of its national park status. All of our marketing efforts seek to address this issue and will continue to do so for some time.
- **Weather sensitivity.** Boston is known for its fluctuating weather, even during the short operating season proposed. While we reluctantly accept this as given, the island's facilities and programming must accommodate poor weather, and its marketing must make these accommodations clear.

### *The venture will be incorporated into the "look and feel" of our new park logo with an effective brand name*

The IA recently developed a new logo and set of island-specific images that will form the basis for the new venture's identity. (See Supporting Documents.)

The venture's current working title, "Peddocks Island Eco-Retreat / Family Camp" is obviously too awkward for use as a trade name. At this point, little thought has been given to a trade name, but possibilities might include "Peddocks Island Bungalows," "Peddocks Island Escapes," "Island Get-Aways," or something entirely original.

### *The press has been, and should continue to be, a key source of marketing*

Boston's media has been very generous to the Park in recent years in terms of news coverage. The Park is photogenic and supports a diverse array of activities that provide the media with many different story angles. The IA pays a public relations consultant whose track record of generating media attention is excellent. Given a very minimal marketing budget for the Park, the media has proved to be our greatest resource for public outreach to date.

If history is any guide, the Peddocks Island venture will generate real media interest and coverage. We believe the press will view it as an exciting development for the City because there is nothing else like it. We are hopeful that this will help bring the public to the island in the critical first years. (One of our comparison ventures -- Maho Bay in the Virgin Islands -- was the focus of a New York Times feature travel article just before it opened and, according to the operators, they have operated near capacity ever since with essentially no additional advertising!)

The Park will cultivate at least one provider of each mass media (newspapers, TV, radio) as a partner in order to gain consistent, low-cost coverage of Peddocks Island and the Park in the major media streams. The Park could provide preferential treatment to these partners (advance press releases, visitation opportunities, scenic TV and photo opportunities, news and weather report backdrop footage, etc.) in exchange for proactive coverage.

### *Direct grass-roots marketing is effective and inexpensive*

For Phase I, the IA's growing corporate sponsor and trustee programs provide connections to many of Boston's corporate and civic leaders. These connections will be tapped in a campaign of direct marketing to corporate and institutional markets backed with encouragement from our existing corporate partners.

In addition, the Park database of partners, past visitors, and supporters currently exceeds 4,500. These individuals will be divided accordingly and targeted for marketing of the retreat center and family camp. Similarly, the Park website is a valuable marketing asset. Over the past eight months, the Park website received an average of 869 visitor sessions per day (or 28,897 hits per day), in addition to visits to the National Park Service's central website dedicated to the Park.

Relatively simple efforts such as these can be very powerful. The IA has successfully relied on press coverage, direct mail, and website advertising in all of its new ventures -- including the 2002 advent of our art auction, Discovery Cruises, catering program, and web-based retail operation. These channels *alone* brought 36 groups to the islands for catered picnics and an average of 42 visitors per Discovery Cruise in those programs' first year in 2002.

### *Advertising will connect with local residents, corporate and other groups, and visitors*

Detailed marketing and sales strategies need to be developed to first create awareness and then generate visitation from the major customer segments, particularly corporate groups and local residents. Developing separate marketing plans for these distinct segments will be an objective of the IA's new Events and Marketing Director.

Early efforts will use relatively low-cost methods to develop awareness of the venture before it opens.

- **Corporate partnerships:** Because of the recreational resource and wholesome "brandscape" the Park represents, the IA is pursuing corporate marketing partnerships with firms including a large recreational retail chain. Our existing partnerships have included favors such as running a video loop at the airport and video ads in many local office building elevators.

- **The Park Partnership:** Enlisting support of our 12 partners, plus the 28-member Advisory Committee, to generate awareness through their own marketing channels. Examples include the Massachusetts Water Resources Authority (MWRA), which has promoted park activities in the past by mailing information in water bills to *every ratepayer* in its 43-community catchment area!
- **Traditional event and tourism marketing entities**: Further developing Park relationships with the Greater Boston Convention & Visitors Bureau, Massachusetts Lodging Association, Massachusetts Office of Travel & Tourism, Massachusetts Turnpike Authority, and the City of Boston.
- **Media partnerships:** Further developing existing Park relationships with the media in order to encourage their focus on the Peddocks venue.
- **Community Networking:** Driving early-stage visitation through offering presentations and free tours for large community organizations (e.g., YMCA, church organizations, scouting groups, school communities, etc.) to develop goodwill and generate awareness.

After the family camp is launched and the product is proven, on-going demand should be supported through targeted advertising and with the marketing budget. While market research should significantly guide these priorities and their targets and contents, initial ideas are listed below:

- **Newspaper ads:** Local advertising in the Boston Globe and regional publications will increase awareness and should be placed in travel/outdoor sections. Examples include Yankee magazine (in which the Park is already an "Editors Pick"), the Boston Globe travel and events sections.
- **Local hospitality industry:** Enlisting support of Boston hotels, such as concierges, through marketing material and product descriptions. The IA has a strong relationship with the Boston Concierge Association.
- **Transportation agencies:** The Massachusetts Port Authority (Massport) is a marketing resource in that many out-of-town visitors pass through its facilities. Similarly, MBTA mass transit should be a strong resource for local residents and tourists alike, all of whom could take trains to the island ferry. Both Logan Airport and the MBTA system would be strong locations for marketing efforts on train and bus placards, etc. The IA has used these venues in the past.
- **Targeted advertising:** Advertisements in local newsletters, periodical publications, etc. that cater to target demographics. The IA has used billboards in the past and may want to try again.
- **Direct Mail:** Targeted mailings to purchased mailing lists with identified local customer demographics, in addition to the Park's existing visitor database and the MWRA billing database.
- **Tourism Literature**: Purchased advertising in travel material such as AAA, Boston tourism guidebooks, and online travel sites.

- **Radio/TV:** Buying airtime, public media underwriting, and sponsoring local broadcasts to the target demographic.
- **Cultural events/festivals:** Peddocks will be the site of events to showcase the island. In most cases, these will be developed in partnership with other larger organizations. (The IA has successfully held four symphony orchestra concerts and endurance athletic events in the Park.)

As noted in the Management Plan that follows, the IA will have a new Events and Marketing Director by the end of April 2003 whose responsibilities will prominently include Peddocks Island.

## VI. Management plan

The Island Alliance brings the necessary combination of partnerships, land-use experience, and business savvy to make this venture succeed. It is a nonprofit with a full-time staff of only three (that will grow to five by 2004). It is one of 13 Partners managing the Park and currently operate five partnership-based businesses. The IA's many partners reflect all sectors (public -- at all levels of government, private nonprofit, and private for-profit). We believe these joint ventures are remarkable not only in their cross-sector composition, but more importantly in their effectiveness. We know the strengths of our many potential partners and are effective at leveraging their involvement and resources to initiate programs.

### *The venture will enter partnerships to develop and operate the facility*

The Park Partnership has formally voted in 2002 to support the IA in pursuit of the Peddocks Facility on its behalf. With the exceptions described below, the Partners will not have a direct role in the facility's operation, but some will serve on an advisory committee and core decisions will require the Partnership's majority vote.

The IA will engage interested parties in the development and operation of the Peddocks Island facility. The IA will serve as the catalyst, facilitator, and funder of the venture. Each phase of the Peddock's Island project offers multiple unique partnering possibilities, as summarized in the table below.

| Phase | Principal partners |
|---|---|
| **Phase I Development (retreat infrastructure)** | IA, Metropolitan District Commission (MDC), National Park Service (NPS), Project Advisory Committee |
| **Phase I Operations (day-use retreats)** | IA, MDC, NPS, catering partners |
| **Phase II Development (fort rehabilitation)** | IA, MDC, NPS, Project Advisory Committee |
| **Phase III Development (camp development)** | IA, developer/operating partner(s), Project Advisory Committee, MDC, NPS |
| **Phase III Operations (camp/retreat operations)** | operating partner(s), MDC, NPS, IA |

The Metropolitan District Commission, which owns the island, will be a principal partner in the island's development and operation. The IA will secure a long-term lease from the Commonwealth through the MDC and serve as the lessor to developers and a facility operator. The National Park Service will be another core partner in the financing, programming, and operating of the facility.

The IA will enter relationships with developers and one or more operators that will be principally responsible for running the facility. We are already entering construction-related agreements and may issue an initial RFR to potentially interested camp developers and operators soon. (By engaging interested parties now, we hope to continue to generate programming and financing options and ensure that physical improvements to the Island are aligned with the long term needs of the operator(s).)

### *A core Island Alliance strategy is to launch partnership-based ventures in support of this new model national park*

Per Congressional mandate, the mission of the IA is to generate private sector revenues for the Boston Harbor Islands National Park Area. Our principal means of accomplishing this is through joint ventures. As a result, the Peddocks Island venture is *directly* in line with our core business strategy. Moreover, the economic development plan for the Park, completed in 2001, concluded that the Peddocks Island eco-retreat / family camp had the greatest potential impact for the Park -- financial and social -- and recommended that its development be the IA's first priority. As such, the project represents a crucial test for this new model national park.

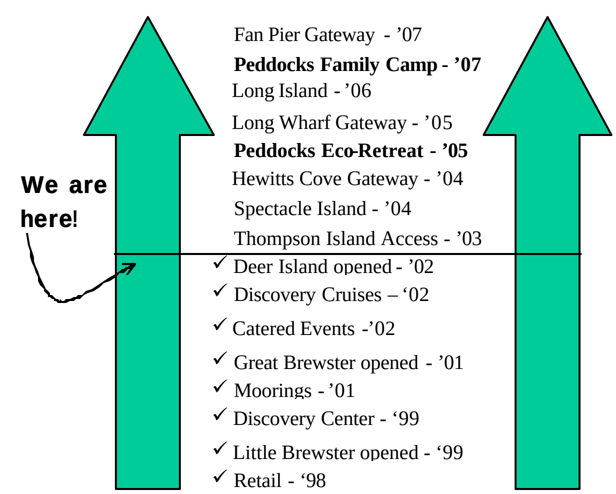
The Peddocks Island venture is the IA's largest undertaking to date. The concept has captured the hearts of the staff, Directors, and Partnership alike. As indicated in the attached letter of support, they are eager for it to succeed and prepared to make it happen.

### *As the Park's business manager, the Island Alliance brings a five-year track record of successful partnership-based business ventures*

Since the Park's inception in 1996, the IA has built a respected track record as the Park's business agent. We have played a central role in most of the major Partnership accomplishments summarized in the following exhibit.

In addition, development of businesses is a key vehicle for the IA to accomplish its mission to generate private sector revenues to support the Park. From 1999 to date, the IA has launched five businesses, all of which have succeeded and all of which will complement the Peddocks Island project. Our business revenues have increased by an average of 88% annually since 1999. In

Building the Boston Harbor Islands National Park Area



chronological order of development, these businesses include:

- **A retail business** of apparel and park-related goods operating from four locations, including one operated by a partner on Georges Island and a web-based virtual store. The IA sees the retail line of business as an important marketing and public awareness tool.
- **Tours to Little Brewster Island,** the oldest lighthouse site in the US and home to Boston Light. Fully eight organizations (the IA, National Park Service, University of Massachusetts, JFK Library, Friends of Boston Harbor Islands, US Coast Guard, USCG Auxiliary, and Massport) work together to provide paid public access. This highly successful partnership program now grosses over $40k per year and generated positive net revenues in its third year in 2001. All proceeds go to the IA to support the Park.
- **Moorings** for recreational boaters in Boston Harbor, in which the IA and a local private marina have 50 transient boat moorings among the islands. This program is scheduled to grow to 200 moorings. It is operated by the private operator and the IA shares 15% of gross revenues.
- **Discovery Cruises** are a midday tour program to introduce visitors to the Park. Five partners include the IA, National Park Service, Boston Harbor Cruises Inc., Boston Museum of Science, and New England Aquarium. Launched in 2002, the program was marketed to residents, tourists, and downtown office workers alike. With over 1,200 riders, the tours generated nearly $20k in gross revenues in their first year, 50% of which came to the IA on behalf of the Park.
- **A catered picnic program** was initiated on Georges Island in 2002. A surcharge was provided by the vendor to the IA in exchange for web- and mailing-based marketing and management assistance.

Per its economic development plan, the IA will continue to develop at least one new business per year, resulting in a portfolio of ventures that both enhance and generate revenues for the Park. For example, in 2004 we plan to develop a fee-based **Audio Tour** program for all ferry boats expected to generate $50-100k ($.50 to $1 per rider).

The Partnership is increasingly calling upon the IA to undertake critical operations-related business functions for the Park, including administration of the Park's **water transportation contract** starting in 2003. **Spectacle Island** is another noteworthy opportunity where the IA has been asked by the State and the City of Boston (which jointly own the 100-acre island) to manage the island's opening as a public park in 2004. Spectacle was formerly a city landfill that was capped and transformed into parklands as a part of Boston's Central Artery ("Big Dig") project. With beautiful views of the city skyline and harbor and multiple visitor service enterprises including a visitor center and 36-slip marina, the island has considerable recreational potential.

In another vote of confidence, the IA and Peddocks Island Phase I project were selected by the State from among the many groups operating around Boston Harbor as the recipient for the majority of a pool of **public benefit funds** made available in association with the development by Duke Energy of a natural gas pipeline under Boston Harbor. This is the source of the $5.3 in seed capital for Phase I of the Peddocks project.[25]

Importantly, this is not the first time the IA has partnered with the MDC for work on Peddocks Island. The IA has already engaged in three separate **rehabilitation projects** to restore historic roofs on select buildings in Fort Andrews and remove asbestos from a key building. These pilot projects demonstrate the IA's capacity for further physical development of the fort, given sufficient funding.

Finally, it should be noted that the IA is in good financial health. The IA's auditor recently reported to the Board that he had not seen our level of growth and success in any of his nonprofit clients. He offered that we are a strong, tightly organized, non-profit in good financial health, with 74% of funds going directly to programming.[26] These statements concerned our 2001 audit, which preceded the receipt of the pipeline monies or our recent **$800k operating grant** from a major local foundation. The latter grant, which will help implement the IA's program and marketing strategy in the coming years, is an important symbol of our local support.

### *The Island Alliance's small staff and Board have the capacity to leverage partnerships and see the venture through to completion*

As detailed below, the IA has three full time staff people (resumes are attached in the Supporting Documents) and has secured funds to hire two additional staff members in the next two years. Together, our staff and Board have the knowledge and capacity to leverage the resources and provide the management required by the Peddocks venture.

#### President

Katherine Abbott is a powerful force in the Boston parks arena. She has spent nearly all of her professional career in Boston-area parks, in both the public and private sectors. Kathy brings an extraordinary combination of knowledge of every relevant player in the area, credibility, respect, and limitless energy. Kathy started her professional life as a Park Ranger in the Boston Harbor Islands in 1979. She completed the 1984 Boston Harbor Islands State Park Master Plan before a national park was ever considered. She went on to become the first Assistant Secretary for Land Conservation for the Massachusetts Executive Office of Environmental Affairs, managing a $68 million land acquisition budget. As Department of Environmental Management Deputy Commissioner for Resource Conservation she managed an operating budget of $2 million and a $30 million capital budget. Her responsibilities included overseeing teams of lawyers, engineers, landscape architects, and planners to build state park facilities. Kathy recently was awarded a Mission Award by the Environmental Careers Organization in recognition of her many accomplishments since that organization funded her first internship in the Boston Harbor Islands in 1979. She received a BS degree in 1979 from the University of Massachusetts in Park Management, and a Master of Public Administration from the Kennedy School of Government in 1988. Kathy will

[25] A total of over $10m was secured and apportioned among 6 organizations for different projects around the Harbor.

[26] Scott Kaplowitch, Edelstein & Co., reporting to IA Board of Directors on November 20, 2002.

oversee and participate in the structuring of the Peddocks Island venture and the partnerships involved. She will also ensure the venture supports the IA and the Park as a whole.

### Director of Business Development

Douglas Welch is the IA's principal business planner and operator. His job is to create and oversee revenue-generating businesses and partnerships to ensure that Park operations become partially self-sustaining over time as a result of IA ventures. Doug came to the IA after six years as a consultant in economic and community development issues to a wide range of nonprofit and other clients. He currently oversees three active IA businesses, two of which he developed, and has several other ventures forthcoming. Outside the IA, he serves on the corporate board of the second oldest business in Seattle, WA. He holds a masters degree in Public Policy from the Kennedy School of Government at Harvard University and a BA from Wesleyan University. Doug's role will be to continue to develop the Peddocks project day to day by leveraging assistance, continued planning and analysis, partnership development, partner relations, and physical development oversight.

### Director of Development

Barbara Waters brings ten years of fundraising experience to the IA's philanthropic endeavors. Her primary work has been with environmental and historical organizations, including The Nature Conservancy's New Jersey Chapter and the Bostonian Society, a historical organization. Barbara will be responsible for garnering financial support for the project's Phase III infrastructure needs and the island's programming.

### Peddocks Island Phase I Development Project Management

The IA has finalized a contract for at-cost project management services from **Spaulding & Slye Colliers** -- a leading real estate services firm whose portfolio includes hotel construction. The firm, which is represented on the IA Board, has begun overseeing Phase I infrastructure and visitor center construction. The three-person team includes a Partner in Charge (whose previous professional engagements include the development of Great Diamond Island Resort in Maine), a Vice President (serving as Project Manager), and an Assistant Project Manager. The project manager's skills include major construction project management and engineering. She is responsible for overseeing competitive bidding of Phase I contractors, contract management, and permitting pertaining to Peddocks Island. The team reports to the IA's Director of Business Development.

### Events and Marketing manager

The IA is currently in the process of hiring a manager of events and marketing for IA and Park initiatives. One of this individual's priority responsibilities will be to develop the marketing plan for Peddocks Island and coordinate its implementation with the operator. The position was recently funded as part of the four-year operating grant to the IA.

### Finance Manager

Within the next two years the IA will hire a full-time Finance Manager to oversee all IA transactions and contracts. (Currently these functions are fulfilled by a part-time accountant.) This position was also funded as part of the operating grant to the IA.

### Board of Directors

Beyond its staff and contractors, the IA has an outstanding Board of Directors with the leadership capacity and creativity to make this vision a reality. Our 22 members include two CEOs in the marketing and advertising fields, two financial services companies (one of whom was recently voted as one of the nation's top ten brokers), several corporate attorneys, two representatives of the Mayor's office, the directors of two major museums, the CEO and Vice President of a leading real estate services firm, the former Chair of the Boston Foundation, the wife of a current local US Congressman, and several other public and private sector entrepreneurs.

### Board of Trustees

The Board of Trustees provides financial support to the IA. It is co-chaired by a former US Congressman (whose leadership brought the National Park into existence), and the CEO of Spaulding & Slye. With this new leadership, the Board of Trustees intends to grow aggressively over the coming years from five to 34 Trustees -- one for each island. Trustees contribute $10k for three years which collectively will cover the lion's share of the IA's annual operating budget. Eight recruits in 2003 to date include the popular anchor of Boston's local Channel 5 news. Paralleling the Trustee campaign is an aggressive Corporate Membership drive led by Merrill Lynch's Sharma Group.

## *In a sign of support, Board members have recently made three major investments in the venture*

The IA board is actively engaged in the Peddocks project, evidenced in part by three major accomplishments:

- One board member helped broker the arrangement that secured the $5.3 in public benefit funds from Duke Energy with the IA.
- With representatives on both the Boards of Directors and Trustees, Spaulding & Slye Colliers recently agreed to provide project management services over the current utility and visitor center construction project leading to Phase I. The IA will be charged only the direct cost of the team's salaries, excluding profit or overhead.
- In another generous act of support, one of our board members' group at Merrill Lynch is providing zero-cost financial services to manage the investment of the $5.3m.

We are very pleased by these developments for their financial value and, moreover, their indication of the deep support the project enjoys from the IA Board.

The IA Board's Economic Development Committee has served as the project advisory board to date. This committee is being expanded to include more development and construction representatives. It is also likely that a committee of the Partnership will advise the Peddocks project so as to ensure that our partners are appropriately informed and tapped for resources and expertise.

In addition, the IA plans to convene a group of potential operating and programming partners for one or more brainstorming sessions. The purpose of these sessions will be to reveal new possible elements of the business model from the perspective of other organizations and firms and to ensure that the full range of potential partnerships is considered early on.

## VII. Operations plan

Given that the primary operating partner structure for Phase III has yet to be determined, the current Operating Plan is provisional. While several teams have expressed interest, the IA will formalize and broaden the search process. In any case, it is important to recognize that the selected operator will be the source of detailed operations planning and implementation.

### *In partnership with the Metropolitan District Commission, the Island Alliance will manage Phase I operations*

Once the initial island improvements are complete, the Phase I retreat center manager will be the IA in close partnership with the MDC. As the landowner, the MDC is the island's default operator. It has the capacity to maintain the island's basic operations, including traditional overnight camping and normal day-use visitation by the public. In terms of physical resources, the MDC offers resident rangers, maintenance staff, water transportation, engineering, and other professional park management services. The MDC also owns equipment (including vehicles, mowing equipment, two staff boats, and two beach-landing water craft) and the fort buildings themselves. However, while it has the capacity to maintain and manage the island, it does not have the capacity to provide full-service retreats.

The IA will employ a **resident island manager** who will live in an apartment at the rear of the visitor center and be responsible for coordinating all aspects of retreat-related services. This will include retreat scheduling, room setup, greeting/orientation, and coordination of food service and programming. It will also include water transportation arrangements, given that groups are likely to travel to the island on specially-chartered vessels, as described below. The island manager will be assisted by one year-round off-island staff member and four to seven seasonal assistants, in addition to support from the Events and Marketing Director, Finance Manager, rangers, and others. Food and beverage services will be provided by appropriate vendors under agreement with the IA. While bidding will be competitive, multiple operators have already expressed an interest in providing such services. When so desired by corporate retreat clients, programming services will be provided by rangers from the National Park Service and MDC.

Operations will be headquartered in the restored Visitor Center, which will contain exhibits, offices, a catering kitchen, and the island manager's apartment as described above. Events and meetings will take place in the restored 3,400 square-foot Chapel and a large outdoor events tent to be located nearby.

### *Perhaps the most crucial operation is public boat service*

Water transportation is obviously a lynchpin for any island operation. Peddocks Island is currently served by the general park ferry and water shuttle system with a maximum of ten trips per day during the season ($8 for adults). However, the current configuration requires most visitors to transfer from the main ferry at Georges Island to a smaller shuttle that takes them to Peddocks. Rather than this two-leg arrangement, dedicated service from downtown Boston, possibly supplemented by routes from Hull and/or Hingham will be required. (See map, p. 4.)

For Phase I, boat transportation services will likely be provided to day-use retreat groups on an on-demand basis that will supplement the regular ferry service. This will maximize the proximity value of the island and also provide groups with privacy and flexibility of route.

In Phase III, regular ferry service will be of primary importance to the family camp. We believe a minimum of one direct route from downtown Boston in the mid-morning, and one return trip in the late afternoon will be required to bring visitors to and from the island. Additional water taxi services to other attractions will also be important to leverage the full benefits of the location.

As of 2003, the IA holds the National Park's water transportation contract. We will make provisions for enhanced (direct) service to Peddocks described above in 2004. Beyond the basic ferry contract, additional partners may be able to provide water taxi service for corporate groups to get to and from Peddocks and other program-oriented destinations.

### *For Phase III, the merits of separate versus combined developers and operators are currently being explored*

At least one additional partner will be included in Phase III to develop and run the Family Camp. The merits of separate versus combined developers and operators are currently being explored. There is no assumption that the Phase I operator will necessarily have an expanded (or even continued) role in the Phase III operation. As previously discussed, large institutional candidates (particularly local universities) will be approached concerning potential programming and/or time-share roles. While unlikely, it is conceivable that a much-expanded IA could take on direct responsibility for operations. The Peddocks Island project advisory committee will continue to address these basic structural issues.

Phase III offers a unique investment opportunity for the right operator(s). Both for-profit and nonprofit development and/or operations partners will be considered for this project. The right partner will add value in the following four areas:

1. Operate in support of the mission of the National Park Service and the Park's general management plan (e.g., respect the historic and natural character of the property, the importance of non-exclusive public access, affordability, etc.).
2. Share revenues with the IA on mutually-acceptable terms in order to support the Park.

3. Have ready access to capital for the required investment (up to $3.5m).
4. Improve revenues by bringing access to cross-marketing opportunities or guaranteed occupancy.
5. Reduce costs through discounted development resources or alternative savings mechanisms.

In response to stories in the press, several interested operators have already contacted the IA and visited the island. This includes the developer of Maho Bay resort in the Virgin Islands who is affectionately known as "the father of ecotourism." (In his assessment, the family camp was a "no-brainer," and he noted the potential to share customer lists and staff from Maho Bay, which operates from Christmas through Easter.)

### *Phase III has three core service elements: programming, meals, and lodging*

Programming services for the family camp will be provided in a combination of staffing from the operator, MDC, and National Park Service. Camper programs will be offered for different age groups and for entire families. Any childcare-related services will be provided by the camp operator. For day-use groups, programming needs are likely to range from minimal meeting setup and facilitation to more intensive programming provided by the operator and subcontractors, depending on the needs of the group.

Most camper programs will occur outside, including walking tours, the outdoor theater, and other activities. Day-use programs will normally occur in the Visitor Center, Chapel, events tent, or Café. In any case, a crucial success factor for day-use groups will be the ability to provide groups with separate private spaces for programming and meals. The combination of these groups' different service needs and the physical layout of the fort will both help facilitate this separation.

Food services will be provided from two locations described above: the catering kitchen in the Visitor Center and the camp kitchen located in the former fire station. Food service staff will be the responsibility of the operator. Other catering vendors, including Thompson Island, would also be involved at the discretion of the operator. Dining will occur in the events tent, chapel, and café, with campers, day-use visitors, and private event guests dining separately.

Lodging services involving furnished tent-cabins will be provided for overnight guests. Overnight guests will be greeted by a manager or ranger and directed to their cabin with bags being shuttled to the cabins by electric vehicle.

In addition to basic guest services, a number of support and maintenance services will be required. These include reservations, facilities maintenance, laundry services, landscape maintenance, and cleaning services for the tent cabins and common spaces. The operator will be principally responsible for coordinating and arranging these services. Some services, such as reservations and laundry could be provided from the mainland, perhaps by a subcontractor. Some groundskeeping and maintenance services will continue to be available from the MDC as part of their ongoing property management role.

### *The venture is expected to generate a total return of 19.6% on an investment of $3.5m*

The Peddocks Island plan is significantly larger than the IA's ventures to date. Due to capital improvements needed for reuse and stabilization of fort buildings, and its location on an island, this is a very capital-intensive project that will require significant investment from the public and private sectors. The Financial Plan discusses the expected case, included in its entirety in the Supporting Documents; several sensitivity analysis cases are discussed in the subsequent section.[27] Descriptions of the capital requirements, revenues and costs are provided below, with all details available in the Financial Plan.

The Phase III developer/operator would need to invest up to $3.5 million to build the Eco-Retreat and Family Camp. This investment would yield a total expected equity internal rate of return (IRR) of 19.6% on the project. The associated profits would be shared with the IA at a mutually-agreed rate and therefore support the Park. In the unlikely event the family camp should never be developed, the day-use retreat venture alone would yield an IRR of 1.3% to the IA.

#### Capital

The project's anticipated sources and uses of capital are summarized in the sources and uses table below. Before the family camp can commence operations, Phase I and Phase II investments and infrastructure improvements need to be completed to provide a safe, attractive and environmentally-friendly setting. Fortunately, most of the Phase I financing is already secured.

| | Sources | $ | Uses |
|---|---|---|---|
| **Phase I-A Development (retreat infrastructure)** | Maritimes and Northeast Pipeline / Duke Energy | **$5.30m *(secured)*** | Multi-purpose visitor center, infrastructure (water, electricity, sewer), |
| **Phase I-B Development (retreat buildings)** | Island Alliance financed | **$1.15m** | Chapel, large furnished events tent, demonstration tent cabin |
| **Phase II Development (fort rehabilitation)** | NPS,<br>Federal Budget,<br>IA-solicited private donors | **$12.23m** | Fort stabilization: selective reuse, 'mothballing', demolition, and site work |
| **Phase III Development (camp construction)** | Developer / operating partner | **$3.49m** | Camp development: Tent cabins, sanitary facilities, site work (including financing costs) |
| **TOTAL** | | **$21m** | |

27 The financial model and sensitivity analyses are based on work by the Harvard Business School Volunteer Consulting Organization and Naomi Porat Consulting/Sedway Group, updated by the Island Alliance.

### *The Island Alliance and the Partnership have the means to secure the remaining capital and manage the project's finances*

Related to its Maritimes and Northeast Pipeline project, Duke Energy has already provided \$5.3m to the IA to fund most of the **Phase I** effort. These funds are currently being invested in the adaptive reuse the fort's 6,300 square-foot guardhouse into a visitors center and restoration of electricity, running water, and sewage facilities on the island. The Island Alliance will secure an additional \$1.15m for refurbishment of the chapel, purchase of an events tent furnished with seating and catering equipment, and a demonstration tent cabin for display purposes as part of the strategy to secure additional funds for Phases II and III.

We believe the capitalization of Phase I will help leverage **Phase II** funding from public and private sources of approximately \$12.2 million for rehabilitation of the fort in return for environmental, social and indirect financial returns generated by the appeal of the new facility. The adaptive reuse and stabilization of fort buildings make Phase II the costliest component of the project by far. On the other hand, it is exciting work that fits the mission of the National Park Service and other sources. Phased requests have already been made through the internal National Park Service process to support Phase II. In addition, we regularly brief our congressional delegation on our progress. These public sector efforts will be supplemented by requests by the IA to private and corporate donors. Because the fort has been determined Historic Register eligible, potential benefits from historic tax credits are also being considered (but have not been included in the financial model).

**Phase III** will be financed by the family camp's primary development/operating partner. The IA will eventually solicit bids from potential partners who can commit approximately \$3.5m in capital investment in exchange for attractive future returns. (Our expected case calls for 65% of project costs to be financed conventionally through debt at a rate of 8% over 15 years.) This investment will finance camp-specific investments, including site improvement work, purchase and construction of the 100 tent cabins, additional sewer and water connections, and toilet/shower facilities.

### Revenues

Phase I revenues will come from fees paid for daytime retreats described above. These revenues will continue into Phase III. Key assumptions include:

- A five-month season (May through September) with 33% first-year occupancy rising to 50% by year seven.
- \$100 average revenues per person;

In Phase III, approximately two-thirds of revenues will come from fees paid for use of the family camp facilities. The family camp's all-inclusive fees will cover lodging, three meals per day, and most activities. Key assumptions include:

- A three-month season (June-August) with 70% first-year occupancy rising to 90% by year 7.

- Based on fees of $100 per adult per night and $50 per child per night, the weighted average nightly fees are $83.33.
- Average cabin occupancy of three people (although the tent cabins have a four-person capacity).

Additional revenues will come from complementary business licensing and concession fees for special services including an island store/gift shop, etc.. Based on comparative facilities, these are conservatively estimated at 5.3% of total revenues from the retreat and camp (roughly $5 per adult per day).

### Costs

- **Fixed costs** are assumed to include salaries (an average of $65,000 per year for year-round employees and $18/hour for seasonal staff), insurance, and taxes (zero, due to IA nonprofit status). As mentioned in the Operating Plan, many educational programs are expected to be provided by the National Park Service and the MDC at no cost to the camp operator.
- **Variable costs** include maintenance and supplies, utilities, catering/food, sales and marketing, and tent cabin replacement reserves. Together, variable costs represent 74% of gross revenue. These expense ratios were based in part on industry standards for college conference centers – the nearest cost comparison available.[28]

## IX. Risk Analysis / Contingencies

In a project as large and intricate as this, there will be hurdles to cross and unforeseen circumstances to address along the way. The project has already encountered unforeseen setbacks and opportunities in the past year. These are expected to continue, resulting in continued refinements to the business plan. That said, we have identified a number of critical assumptions and considered several lesser contingencies through sensitivity analyses on the base financial model described above.

### *Four sound assumptions underlie the plan*

Four core structural assumptions underlie the Phase I and Phase III plans. We have addressed the soundness of these assumptions and concluded that we can be confident in making them. The risks are described below.

1. **Failure to secure authority** for IA to be the lessee of State property with authority to negotiate a long-term ground lease and to collect revenues. For the IA to operate on State property, offer an attractive lease to a private operator, and retain fees will require authority for the IA to enter into a long-term lease with the operator and to collect revenues in the form of a park improvement fee. We are confident that the requisite

[28] Analysis of College and University Conference Center median costs by Porat Consulting based on PKF Consulting's IACC and Hospitality Asset Advisors' "Trends in the Conference Center Industry, North America, 2001.

authority will be granted. The IA is participating in similar arrangements on Spectacle Island. In addition, we have already been granted State permits for direct activity on Peddocks Island to repair several buildings.

2. **The sensitive nature of the island and fort** open possibilities of delays and political/regulatory hurdles that could interfere with the project's development phases. Such issues are more likely to influence the timeframe and cost than the overall feasibility of the project. To the extent possible, we are conducting legal analyses of environmental and cultural regulatory issues ahead of construction.
3. **Failure to secure tax-free status** for a private outside operator. The Financial Plan and associated net return assume that the venture will share the IA's corporate tax-free status. Our legal counsel advises that as long as all activities are categorized as "related business" and fall under the broad IA mandate, this should be achievable. If it were not achievable, however, precedents in other not-for-profit sectors (museums, schools) suggest that taxes would only be levied on "non-related business" activities with appropriate corporate structuring and record keeping.
4. **Failure to secure public or low-cost capital** to refurbish buildings per plan. Phase II of the project requires substantial up-front investment that will have to come from public partners that see returns in externalities versus strictly economic returns. Importantly, even if Phase II is never funded, day-use retreat capacity will be achieved based on the funds already secured.

### *In addition, there are risks that could alter the plan*

Beyond the potential 'deal-breaker' hurdles above, a number of other issues could arise:

1. **Failure to identify appropriate owner/operator vendor.** Despite what we see as an attractive Financial Plan, it is possible we will not be able to identify a primary developer/operator for Phase III. In this case, the IA would consider alterations to the business plan, including possibilities of phasing the camping component of the venture (e.g., building 50 tents at a time). The IA might even consider operating the facility directly if no other interested entity could be located.
2. **Failure to capture sufficient users quickly.** As indicated above, the Financial Plan assumes 70% nightly occupancy during the first year of Phase III. Forecasting occupancy rate build-up is a notoriously inexact science. Risk of lesser initial turn-out (due to poor marketing, weather, transport problems, etc.) certainly exists. Marketing assurances and/or guaranteed minimum occupancy rates from a partner can help mitigate this risk. We will also consider pre-selling/contract sales or partnership with anchor tenants such as a university.
3. **Cost overruns associated with the island site**. Island locations are particularly challenging for physical development projects due to the transportation logistics and expense. These could affect all three phases. Importantly, we have included "island factor" multipliers of up to 40% in the direct costs on all land-based development cost estimates and been as conservative as possible. (For example, we have had multiple

consultants and review all estimates and used high-end estimate for every range-based development cost estimate we secured.) Despite these efforts, it is possible that some line item estimates will fall short, particularly in complex Phase II building reuse work. These would likely result in scaling back the scope of certain elements of fort rehabilitation, but they are not expected to fundamentally undermine the venture's viability.

### *Sensitivity analysis suggests the Financial Plan has some flexibility*

As discussed above, the Financial Plan's expected case shows strong projected economics for the Phase III family camp venture. However, these results are somewhat sensitive to changes in the assumptions used. The table below shows the level of sensitivity to changes in some of the key assumptions of the expected case, followed by discussion of each analysis. It should also be noted that major components that could develop, such as the Town of Hull windmill proposal, reflect significant potential revenue streams not considered here.

**Summary of Financial Returns to Camp Developer/Operator**

| Case | Description | Investment ($m) | IRR |
|---|---|---|---|
| Expected Case | **(As described above)** | 3.49 | **19.6%** |
| Sensitivity 1 | **Increase costs by 10%** | 3.84 | **17.6%** |
| Sensitivity 2 | **Slower buildup of occupancy (revenue)** | 3.49 | **12.1%** |
| Sensitivity 2a | **Combined slower build-up AND permanent reduction in occupancy (revenue)** | 3.49 | **6.3%** |
| Sensitivity 3 | **15% higher revenues** | 3.49 | **28.5%** |
| Sensitivity 4 | **20-year debt** | 3.49 | **20.5%** |
| Sensitivity 5 | **Loan-to-cost ratio decreased to 50%** | 3.49 | **18.6%** |
| Sensitivity 6 | **Retreat only *(Camp not developed; IA finances/operates retreat)*** | 1.15 (*by IA)* | **1.3%** |

**1. Increase Costs by 10%:** As quantified in the table above, an increase in the project costs by 10% will cause a deterioration in overall forecast returns. However, given the relatively conservative leverage assumptions used, the investor returns do not decline significantly across a range of cost increases.

**2. Slower build up of occupancy:** More sensitive is the assumption relating to build-up in visitor volumes and associated revenues. Slowing the camp occupancy growth over seven years from 70%-90% to 50%-90% (and retreat occupancy growth from 33%-50% to 20%-50%) has a significant impact on revenues and investor returns. Perhaps the most significant concern is that the venture shows a small cash flow deficit in the early years of operation that would require additional funding. As noted above, we will therefore consider a focus on additional marketing in the early years and partnerships to secure committed occupancy to reduce this risk to the project.

**2a. Combined slower build-up AND a permanent reduction in occupancy:** Adding an assumption of lower long-term occupancy to Case 2 results in an even worse scenario. If slowed camp occupancy never grows to exceed 80%, and retreat occupancy growth never exceeds 40%, the result is a troubling IRR of only 6.3%. This return would be inadequate for many potential partners. As such, the importance of effective marketing and choice of the right operating partner cannot be overstated.

**3. 15% Increase in prices:** The assumptions used in the Expected Case regarding price levels are based on comparative facilities researched by the Sedway Group. Subsequent analysis of some comparable projects across the United States suggests that there may be some potential for higher prices, especially in peak periods. Given that these benefits can be expected to flow directly to the investors, they have a marked impact on forecasted rates of return.

**4. Increase Debt Maturity to 20 Years:** Given the improvements in accessibility to tax-free bond issuance for small projects over recent years, it may also be possible to finance the project with longer term debt financing. Although this only creates a marginal benefit to investors, the consequential improvements in Debt Service Coverage Ratios would reduce the risk of financial distress to the project and thus could prove to be attractive.

**5. Reduce loan-to-cost ratio to 50%:** It is possible that the 65% loan-to-cost ratio might not be achieved. Reducing it to 50% results in reduction of the IRR to 18.6%.

**6. Retreat business only:** While not expected, the worst possible case is that the camp never gets built and the retreat business continues to be operated by the IA. Importantly, despite the political and social losses this would entail, the IRR for the IA's $1.15m investment in the retreat facility alone climbs markedly.

The sensitivity analysis suggests that the financial model is most sensitive (on the downside) to occupancy, but that (on the up-side) higher pricing or other revenue streams could be a possible means of mediation. It is also important to note that the rates of return required by the different types of developer/operators we are considering could vary considerably.

* * *

# Peddocks Island Eco-Retreat and Family Camp
# Supporting documents

A. Acknowledgements
B. Letters of support
C. Press coverage
D. Boston Harbor Islands National Park Area map
E. Partnership diagram / list
F. Boston Harbor Islands Economic Development Plan brochure
G. Peddocks Island photos
H. Site plan
I. Virtual facility tour
J. Tent Cabin information
K. Peddocks Island Program Guide
L. NPS “Money Generation Model”
M. Thompson Island Outward Bound Education Center literature
N. Silver Platters catering information
O. Comparable ventures analyzed
P. Family camp revenue and expense comparisons
Q. 76 Camps article
R. Maho Bay information
S. Diamond Cove information
T. Fort Baker information
U. Boston Harbor Islands brand identity -- logo and images
V. Resumes
W. Islands Alliance Board of Directors
X. Financials

## DEVELOPMENT COST ASSUMPTIONS
## Peddocks Island Eco-Retreat and Family Camp

| | | Direct | | Loaded | Source | Description |
|---|---|---|---|---|---|---|
| **Phase I** | | 2003-2004 | | | | |
| Project Management | $ | 140,000 | $ | 140,000 | *IA* | Two-year contract position |
| Sewer-Day Use Area | $ | 30,000 | $ | 39,000 | *TH* | Reconnect existing (new) system |
| Electricity | $ | 95,000 | $ | 123,500 | *IA* | Generator and solar system repairs |
| Water Service | $ | 1,296,000 | $ | 1,684,800 | *TH* | Laying new underwater connection to mainland across Hull Gut |
| Guard House Rehab | $ | 2,110,500 | $ | 2,743,650 | *SG* | To be used as dockside visitor center and headquarters |
| Guard House Exhibits | $ | 420,000 | $ | 546,000 | *SG?* | 2- and 3-dimensional exhibits |
| **Subtotal** | **$** | **4,091,500** | **$** | **5,276,950** | | **$5.3 m secured** |
| Dining/Meeting Tent | $ | 117,600 | $ | 158,760 | *SG* | Large tent for events and food service (2004) |
| Events Food Service Equipment | $ | 30,000 | $ | 40,500 | *IA* | To be used for events/meetings (2004) |
| Ecotent Demo | $ | 20,000 | $ | 27,000 | *SG* | To market camp to investors and guests (2004) |
| Chapel Rehab | $ | 686,800 | $ | 927,180 | *CG* | To be used for events/meetings (2004) |
| **Subtotal** | **$** | **854,400** | **$** | **1,153,440** | | **IA to finance** |
| **Phase II** | | 2003-2004 (Except where noted) | | | | |
| Project Management | $ | 508,700 | $ | 508,700 | | |
| Electrical connection | $ | 1,481,650 | $ | 2,000,228 | *TH* | Contractor quote, plus cable cost |
| Mainland sewer connection | $ | 1,296,000 | $ | 1,749,600 | *TH* | For large-scale visitation capacity |
| Bakery Adaptive Reuse | $ | 692,600 | $ | 935,010 | *CG* | To be used as dining area. |
| Fire Station Adaptive Reuse | $ | 298,250 | $ | 402,638 | *CG* | To be used as kitchen area. |
| Repairing Fire Tower | $ | 90,037 | $ | 121,550 | *CG* | For safe views of harbor |
| Mothballing Other Usable Fort Buildings | $ | 1,340,162 | $ | 1,809,218 | *CG* | Securing / stabilizing 13 buildings: masonary and roof stabilization, door/window board-up, porch and stair removal, plus stabilization of #26 for amphitheater use |
| Demolition Of Non-Usable Buildings | $ | 955,500 | $ | 1,289,925 | *CG* | Demolition of 9 buildings deemed beyond reuse at reasonable expense. Assumes on-island materials disposal |
| Post-Demolition Building Stabilization | $ | 239,932 | $ | 323,908 | *CG* | Capping/stabilization of demolished building foundations |
| Asbestos Removal | $ | 500,000 | $ | 675,000 | *IA* | Removal of hazardous asbestos building material |
| Water Heating System | $ | 100,000 | $ | 135,000 | *VCO* | For camp |
| Fort Area Site Costs | $ | 438,100 | $ | 591,435 | *CG* | Lighting, paving of walks, benches, etc… |
| Signage | $ | 54,000 | $ | 72,900 | *NPS* | Wayside interpretive signs |
| Fire Suppression | $ | 845,000 | $ | 1,140,750 | *CRE/CG* | Refurbish / replace fort fire suppression systems |
| Second Caretaker Residence | $ | 351,600 | $ | 474,660 | *SG* | Re-use of former doctors quarters as caretaker residence. |
| **Subtotal** | **$** | **9,191,531** | **$** | **12,230,521** | | |
| **Phase III: Family Camp** | | | | | | |
| Cabin Area Site Work | $ | 141,400 | $ | 190,890 | *CG* | Tree planting, lighting, trashcans, paving, debris removal |
| Tent Cabins | $ | 850,000 | $ | 850,000 | *CG* | 100 tents: estimate INCLUDES indirects |
| Sewer/Water To Overnight Area | $ | 862,938 | $ | 1,164,966 | *CG/LV* | for toilets/showers |
| Toilet/Shower | $ | 716,800 | $ | 967,680 | *CG* | 4 bldgs. 6 toilets/showers each |
| **Subtotal** | **$** | **2,571,138** | **$** | **3,173,536** | | |
| **Subtotal: Phases I-II** | **$** | **13,283,031** | **$** | **17,507,471** | | |
| **Total: Phases I-III** | **$** | **16,708,568** | **$** | **21,834,447** | | |

*** Initials indicate the initial source of the figures. Keyed as follows:** CRE=Counselors of Real Estate report, SG=Sedway Group, CG-Cecil Group, TH=Town of Hull, LV=LandVest, TIE=Thompson Island Experience, NPS=National Park Service. All figures have been reviewed by a series of consultants and estimators.

**Loadings for Phase I = 15% Planning & Design, 10% Contingency, 5% Supervision (30% total).**
**Loadings for Phase II & III = 17% Planning & Design, 10% Contingency, 8% Supervision (37% total), based on standard NPS loadings.**

# DEVELOPMENT COSTS / FINANCING
# Peddocks Island Eco-Retreat and Family Camp
# Case: Expected Case

**Physical Specifications** **Case Number** **1**

**Development Costs**

| **Component** (See Development Cost Assumptions) | | **Measure** | | **Units** | | **Total Cost** |
|---|---|---|---|---|---|---|
| Tent Cabins | $ | 8,500 | per cabin | 100 | $ | 850,000 |
| Sewer/Water To Overnight Area | $ | 862,938 | | 1 | $ | 862,938 |
| Toilet/Shower | $ | 716,800 | | 1 | $ | 716,800 |
| Cabin Area Site Work | $ | 141,400 | | 1 | $ | 141,400 |
| Sub-Total | | 1,729,638 | | | $ | 2,571,138 |
| **Indirect Costs** | | | | | | |
| Indirect: Planning and Design | | 292,593 | 17% | 1 | $ | 292,593 |
| Indirect: Contingency | | 172,114 | 10% | 1 | $ | 172,114 |
| Indirect: Supervision | | 137,691 | 8% | 1 | $ | 137,691 |
| Cumulative Sub-Total | | | | | $ | 3,173,536 |
| **Other Indirect Costs (Financing)** | | 10% | of total costs | | | 317,354 |
| **Total Development Costs** | | | | | $ | 3,490,889 |
| **Long Term Financing Assumptions** | | | | | | |
| Total Development Cost | | | | | $ | 3,490,889 |
| Loan to Cost ratio / Total Permanent Loan | | 65% | | | $ | 2,269,078 |
| Net Equity Contribution | | | | | $ | 1,221,811 |
| Long Term Loan Interest Rate / Term/Annual Payment | | | 8.00% | 2019 years | $ | 287,088 |

| | | |
|---|---|---|
| Assumption Regarding Term of Project | 20 | years |
| Inflation of Income for Camp Income | 3.5% | |
| Inflation of Income for Meetings Retreat | 3.5% | |

## OPERATING ASSUMPTIONS
## Peddocks Island Eco-Retreat and Family Camp
## Case: Expected Case

| I. Revenues | Avg. Daily Rate / Person All Inclusive (Lodging, food, program) | Utilization of Facility (% of Year) | Average Seasonal day Occupancy | Equivalent Average Visitors/day | Equivalent Average Visitors/season | Weighted *Annual* Occupancy |
|---|---|---|---|---|---|---|
| **Camp** | | | (Years 1-3) | | | |
| Weighted Average Daily Rate / Person | **$ 83.33** | 25.2% | **70%** | 210 | 19,320 | 17.6% |
| Per Adult | $ 100.00 | = June-Aug | (Years 4-6) | | | |
| Per Child | $ 50.00 | 3 mos. | **80%** | 240 | 22,080 | 20.2% |
| Percentage Adults | 67% | 92 days | (Years 7+) | | | |
| Equivalent 4-person family rate / week | $ 1,800.00 | | **90%** | 270 | 24,840 | 22.7% |
| Average Persons per Tent (capacity = 4) | **3.00** | | | | | |
| Tents | **100** | | | | | |
| **Retreat facility** | | | (Years 1-3) | | | |
| Total Capacity | **150** | 41.9% | **33%** | 50 | 4,554 | 13.8% |
| Average Daily Rate / Person | **$ 100.00** | = May-Sep | (Years 4-6) | | | |
| | | 5 mos. | **40%** | 60 | 5,520 | 16.8% |
| | | 153 Days | (Years 7+) | | | |
| | | | **50%** | 75 | 6,900 | 21.0% |

**Other Income (Retail Sales, Concession, etc.)** **5.3%** of total revenue

**II. Expenses (annual)**

**Fixed**

| | | | | |
|---|---|---|---|---|
| Salaries (fully loaded) | 15,737 | per Seasonal Employee (5 mos.) | Hourly equivalent: | $ 18.00 |
| | 65,000 | per Year-Round Employee | Hourly equivalent: | $ 29.41 |
| Insurance (Retreat only) | 15,000 | | | |
| Insurance (additional for Camp) | 20,000 | | | |
| Taxes (given nonprofit status of IA) | 0 | | | |
| Water transportation ($250/day) | 38,250 | | | |

**Variable**

| | | |
|---|---|---|
| Maintenance & Supplies | 6.0% | of total revenue |
| Utilities | 2.0% | of total revenue |
| Catering (Retreat) | 50.0% | of retreat revenue |
| Food (Camp) | 10.0% | of camp revenue |
| Sales & Marketing | 3.0% | of total revenue |
| Tent Cabin Replacement Reserves | 3.0% | of total revenue |
| | 74.0% | |

**III. Working Capital**

| | |
|---|---|
| Cash - minimum of | 3 days of revenue |
| Accounts Rec. | 20 days of revenue |
| Inventory | 10 days of revenue |
| Accounts Payable | 30 days of expensese |

**IV. IRR: 19.6%**

**PROJECT PROFORMA CASH FLOW**

**Peddocks Island Eco-Retreat and Family Camp, Phase III**

**Case: Expected Case**

| | | | | (Retreat Year 1) | | (Camp Year 1) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year Ending** | | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** |
| **Capital investment** | Subtotal: | | | | | | | | | | |
| Phase I (Mitigation Funding - Secured / Committed) | (5,276,950) | (2,638,475) | (2,638,475) | | | | | | | | |
| Phase Ia (Required for Retreat) | (1,153,440) | | (1,153,440) | | | | | | | | |
| Phase II (Public investment) | (12,230,521) | | | (6,115,261) | (6,115,261) | | | | | | |
| Phase III (Operator investment) | (3,173,536) | | | | (3,173,536) | | | | | | |
| Total Expenditure | (21,834,447) | (2,638,475) | (3,791,915) | (6,115,261) | (9,288,796) | | | | | | |
| **Camp** | Inflation | | | | | | | | | | |
| Annual Occupancy | | 0 | 0 | 0 | 0 | 17.6% | 17.6% | 17.6% | 20.2% | 20.2% | 20.2% |
| Average Annual Rate/Person | **3.50%** | 83.33 | 86.25 | 89.27 | 92.39 | 95.63 | 98.97 | 102.44 | 106.02 | 109.73 | 113.57 |
| Average Occupancy / Tent | | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| **Retreat facility** | | | | | | | | | | | |
| Annual Occupancy | | 0 | 0 | 13.8% | 13.8% | 13.8% | 16.8% | 16.8% | 16.8% | 21.0% | 21.0% |
| Average Annual Rate/Person | 3.50% | 100.00 | 103.50 | 107.12 | 110.87 | 114.75 | 118.77 | 122.93 | 127.23 | 131.68 | 136.29 |
| Number of Year-Round Staff (*Does not include ranger staff!) | | - | - | 2 | 2 | 5 | 5 | 5 | 7 | 7 | 7 |
| Number of Seasonal Staff (*Does not include ranger staff!) | | - | - | 4 | 4 | 34 | 34 | 34 | 44 | 44 | 44 |
| Cost per Year-Round Employee | | 65,000 | 67,275 | 69,630 | 72,067 | 74,589 | 77,200 | 79,902 | 82,698 | 85,593 | 88,588 |
| Cost per Seasonal Employee | | 15,737 | 16,288 | 16,858 | 17,448 | 18,059 | 18,691 | 19,345 | 20,022 | 20,723 | 21,448 |
| (Daily visitors per employee, not including ranger staff) | | | | 8.3 | 8.3 | 6.7 | 6.9 | 6.9 | 5.9 | 6.2 | 6.2 |
| **Revenues** | | | | | | | | | | | |
| Lodging Revenues - CAMP | | - | - | - | - | 1,847,512 | 1,912,175 | 1,979,101 | 2,340,994 | 2,422,929 | 2,507,731 |
| Revenues - RETREAT | | - | - | 811,292 | 839,687 | 869,077 | 1,090,296 | 1,128,456 | 1,167,952 | 1,511,038 | 1,563,925 |
| Other Revenues | | - | - | 42,700 | 44,194 | 142,978 | 158,025 | 163,556 | 184,681 | 207,051 | 214,298 |
| **Total Revenues** | | - | - | 853,992 | 883,882 | 2,859,567 | 3,160,496 | 3,271,113 | 3,693,628 | 4,141,018 | 4,285,954 |
| **Expenses** | | | | | | | | | | | |
| Salaries | | | | 206,691 | 213,926 | 986,942 | 1,021,485 | 1,057,237 | 1,459,857 | 1,510,952 | 1,563,835 |
| Maintenance & Supplies | 6.0% | | | 51,240 | 53,033 | 171,574 | 189,630 | 196,267 | 221,618 | 248,461 | 257,157 |
| Insurance | | | | 15,000 | 15,525 | 36,068 | 37,331 | 38,637 | 39,990 | 41,389 | 42,838 |
| Taxes | 0.0% | | | - | - | - | - | - | - | - | - |
| Water transportation | | | | 38,250 | 39,589 | 40,974 | 42,408 | 43,893 | 45,429 | 47,019 | 48,665 |
| Utilities | 2.0% | | | 17,080 | 17,678 | 57,191 | 63,210 | 65,422 | 73,873 | 82,820 | 85,719 |
| Food | | | | 409,916 | 424,263 | 633,587 | 752,168 | 778,494 | 836,544 | 1,018,517 | 1,054,165 |
| Sales & Marketing | 3.0% after 2007 | | | 80,000 | 50,000 | 85,787 | 94,815 | 98,133 | 110,809 | 124,231 | 128,579 |
| Replacement Reserves | 3.0% | | | 25,620 | 26,516 | 85,787 | 94,815 | 98,133 | 110,809 | 124,231 | 128,579 |
| **Total Expenses** | | | | 843,797 | 840,529 | 2,097,911 | 2,295,862 | 2,376,217 | 2,898,927 | 3,197,620 | 3,309,536 |
| **Net Pre-Debt Cash Flows** | | - | (1,153,440) | 10,195 | (3,130,184) | 761,656 | 864,634 | 894,896 | 794,701 | 943,398 | 976,417 |
| IRR of Pre-debt Cash Flows | 18.4% | | | | | | | | | | |
| Less Debt Service (Net Drawdown in first Period) | | | | | (1,951,724) | 287,088 | 287,088 | 287,088 | 287,088 | 287,088 | 287,088 |
| **Net Operating Cash Flows** | | - | (1,153,440) | 10,195 | (1,178,459) | 474,568 | 577,546 | 607,809 | 507,613 | 656,310 | 689,329 |
| Less Increase in Working Capital | | | | (184,194) | (6,447) | (6,672) | (50,225) | (8,664) | (8,967) | (77,894) | (12,007) |
| **Equity Cash Flows** | | - | (1,153,440) | (173,999) | (1,184,906) | 467,895 | 527,321 | 599,145 | 498,646 | 578,417 | 677,322 |
| **IRR of Equity Cash Flows** | **19.60%** | | | | | | | | | | |
| Loan at Beginning of Period | | | | | 0 | 2,269,078 | 2,163,516 | 2,049,510 | 1,926,383 | 1,793,406 | 1,649,790 |
| Interest on Loan | | | | | 317,354 | 181,526 | 173,081 | 163,961 | 154,111 | 143,472 | 131,983 |
| Annual Debt Service | | | | | (1,951,724) | 287,088 | 287,088 | 287,088 | 287,088 | 287,088 | 287,088 |
| Loan at End of Period | | | | | 2,269,078 | 2,163,516 | 2,049,510 | 1,926,383 | 1,793,406 | 1,649,790 | 1,494,686 |

## PROJECT PROFORMA CASH FLOW
## Peddocks Island Eco-Retreat and Family Camp, Phase III
## Case: Expected Case

| Year Ending | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Camp** | | | | | | | | | | |
| Annual Occupancy | 22.7% | 22.7% | 22.7% | 22.7% | 22.7% | 22.7% | 22.7% | 22.7% | 22.7% | 22.7% |
| Average Annual Rate/Person | 125.92 | 130.33 | 134.89 | 139.61 | 144.50 | 149.56 | 154.79 | 160.21 | 165.82 | 171.62 |
| Average Occupancy / Tent | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| **Retreat facility** | | | | | | | | | | |
| Annual Occupancy | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% |
| Average Annual Rate/Person | 151.11 | 156.40 | 161.87 | 167.53 | 173.40 | 179.47 | 185.75 | 192.25 | 198.98 | 205.94 |
| Number of Year-Round Staff (*Does not include ranger staff!) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Number of Seasonal Staff (*Does not include ranger staff!) | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Cost per Year-Round Employee | 98,219 | 101,657 | 105,215 | 108,898 | 112,709 | 116,654 | 120,737 | 124,963 | 129,336 | 133,863 |
| Cost per Seasonal Employee | 23,780 | 24,612 | 25,474 | 26,365 | 27,288 | 28,243 | 29,232 | 30,255 | 31,314 | 32,410 |
| **Revenues** | | | | | | | | | | |
| Lodging Revenues - CAMP | 3,127,912 | 3,237,389 | 3,350,698 | 3,467,972 | 3,589,351 | 3,714,978 | 3,845,003 | 3,979,578 | 4,118,863 | 4,263,023 |
| Revenues - RETREAT | 1,733,951 | 1,794,640 | 1,857,452 | 1,922,463 | 1,989,749 | 2,059,390 | 2,131,469 | 2,206,070 | 2,283,283 | 2,363,198 |
| Other Revenues | 255,888 | 264,844 | 274,113 | 283,707 | 293,637 | 303,914 | 314,551 | 325,560 | 336,955 | 348,748 |
| **Total Revenues** | 5,117,751 | 5,296,872 | 5,482,263 | 5,674,142 | 5,872,737 | 6,078,283 | 6,291,023 | 6,511,208 | 6,739,101 | 6,974,969 |
| **Expenses** | | | | | | | | | | |
| Salaries | 2,171,190 | 2,247,181 | 2,325,833 | 2,407,237 | 2,491,490 | 2,578,692 | 2,668,947 | 2,762,360 | 2,859,042 | 2,959,109 |
| Maintenance & Supplies | 307,065 | 317,812 | 328,936 | 340,449 | 352,364 | 364,697 | 377,461 | 390,673 | 404,346 | 418,498 |
| Insurance | 47,495 | 49,157 | 50,878 | 52,659 | 54,502 | 56,409 | 58,384 | 60,427 | 62,542 | 64,731 |
| Taxes | - | - | - | - | - | - | - | - | - | - |
| Water transportation | 53,955 | 55,844 | 57,798 | 59,821 | 61,915 | 64,082 | 66,325 | 68,646 | 71,049 | 73,536 |
| Utilities | 102,355 | 105,937 | 109,645 | 113,483 | 117,455 | 121,566 | 125,820 | 130,224 | 134,782 | 139,499 |
| Food | 1,205,356 | 1,247,543 | 1,291,207 | 1,336,399 | 1,383,173 | 1,431,584 | 1,481,690 | 1,533,549 | 1,587,223 | 1,642,776 |
| Sales & Marketing | 153,533 | 158,906 | 164,468 | 170,224 | 176,182 | 182,348 | 188,731 | 195,336 | 202,173 | 209,249 |
| Replacement Reserves | 153,533 | 158,906 | 164,468 | 170,224 | 176,182 | 182,348 | 188,731 | 195,336 | 202,173 | 209,249 |
| **Total Expenses** | 4,194,481 | 4,341,288 | 4,493,233 | 4,650,496 | 4,813,264 | 4,981,728 | 5,156,088 | 5,336,551 | 5,523,331 | 5,716,647 |
| **Net Pre-Debt Cash Flows** | 923,270 | 955,584 | 989,030 | 1,023,646 | 1,059,473 | 1,096,555 | 1,134,934 | 1,174,657 | 1,215,770 | 1,258,322 |
| Less Debt Service (Net Drawdown in first Period) | 287,088 | 287,088 | 287,088 | 287,088 | 287,088 | - | - | - | - | - |
| **Net Operating Cash Flows** | 636,182 | 668,496 | 701,942 | 736,558 | 772,386 | 1,096,555 | 1,134,934 | 1,174,657 | 1,215,770 | 1,258,322 |
| Loan at Beginning of Period | 1,146,259 | 950,871 | 739,853 | 511,954 | 265,822 | 0 | 0 | 0 | 0 | 0 |
| Interest on Loan | 91,701 | 76,070 | 59,188 | 40,956 | 21,266 | - | - | - | - | - |
| Annual Debt Service | 287,088 | 287,088 | 287,088 | 287,088 | 287,088 | - | - | - | - | - |
| Loan at End of Period | 950,871 | 739,853 | 511,954 | 265,822 | 0 | 0 | 0 | 0 | 0 | 0 |

**PROJECT PROFORMA MONTHLY CASH FLOW** **Year 2007** (Camp Year 1)

**Peddocks Island Eco-Retreat and Family Camp, Phase III**

**Case: Expected Case**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Month** | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Days in Month | | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 |
| Camp | | | | | | | | | | |
| Monthly Occupancy | | 0 | 0 | 0 | 0 | 0 | 70% | 70% | 70% | 0 |
| Average Annual Rate/Person | | 95.63 | 95.63 | 95.63 | 95.63 | 95.63 | 95.63 | 95.63 | 95.63 | 95.63 |
| Average Occupancy / Tent | | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Retreat facility | | | | | | | | | | |
| Annual Occupancy | | 0% | 0% | 0% | 0% | 33% | 33% | 33% | 33% | 33% |
| Average Annual Rate/Person | | 114.75 | 114.75 | 114.75 | 114.75 | 114.75 | 114.75 | 114.75 | 114.75 | 114.75 |
| **Revenues** | | | | | | | | | | |
| Lodging Revenues - CAMP | | - | - | - | - | - | 602,450 | 622,531 | 622,531 | - |
| Revenues - RETREAT | | - | - | - | - | 176,087 | 170,407 | 176,087 | 176,087 | 170,407 |
| Other Revenues | | - | - | - | - | 9,268 | 40,677 | 42,033 | 42,033 | 8,969 |
| **Total Revenues** | | - | - | - | - | 185,355 | 813,533 | 840,651 | 840,651 | 179,376 |
| **Expenses** | | | | | | | | | | |
| Salaries | | - | - | - | - | 63,973 | 280,780 | 290,140 | 290,140 | 61,909 |
| Maintenance & Supplies | 6.0% | - | - | - | - | 11,121 | 48,812 | 50,439 | 50,439 | 10,763 |
| Insurance | | - | - | - | - | 2,338 | 10,261 | 10,603 | 10,603 | 2,263 |
| Taxes | 0.0% | - | - | - | - | - | - | - | - | - |
| Water transportation | | - | - | - | - | 2,656 | 11,657 | 12,046 | 12,046 | 2,570 |
| Utilities | 2.0% | - | - | - | - | 3,707 | 16,271 | 16,813 | 16,813 | 3,588 |
| Food | | - | - | - | - | 88,970 | 149,516 | 154,500 | 154,500 | 86,100 |
| Sales & Marketing | 3.0% | - | - | - | - | 5,561 | 24,406 | 25,220 | 25,220 | 5,381 |
| Replacement Reserves | 3.0% | - | - | - | - | 5,561 | 24,406 | 25,220 | 25,220 | 5,381 |
| **Total Expenses** | 0.0% | - | - | - | - | 183,887 | 566,110 | 584,980 | 584,980 | 177,955 |
| **Net Pre-Debt Cash Flows** | | - | - | - | - | 1,468 | 247,424 | 255,671 | 255,671 | 1,421 |
| Less Debt Service (Net Drawdown in first Period) | | | | | | | 143,544 | | | |
| **Net Operating Cash Flows** | | - | - | - | - | 1,468 | 103,880 | 255,671 | 255,671 | 1,421 |
| Cash | | - | - | - | - | 17,938 | 81,353 | 81,353 | 81,353 | 17,938 |
| Accounts Receivable | | - | - | - | - | 119,584 | 542,356 | 542,356 | 542,356 | 119,584 |
| Investory | | - | - | - | - | 59,792 | 271,178 | 271,178 | 271,178 | 59,792 |
| Accounts Payable | | - | - | - | - | (177,955) | (566,110) | (566,110) | (566,110) | (177,955) |
| Working Capital Required | | - | - | - | - | 19,358 | 328,777 | 328,777 | 328,777 | 19,358 |
| Change in Working Capital | | - | - | - | - | 19,358 | 309,419 | - | - | (309,419) |
| Free Cash Flow | | - | - | - | - | (17,890) | (205,539) | 255,671 | 255,671 | 310,840 |

**PROJECT PROFORMA MONTHLY CASH FLOW** **Year 2008**

**Peddocks Island Eco-Retreat and Family Camp, Phase III**

**Case: Expected Case**

| **Month** | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| Days in Month | | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 |
| Camp | | | | | | | | | | |
| Monthly Occupancy | | 0% | 0% | 0% | 0% | 0% | 70% | 70% | 70% | 0% |
| Average Annual Rate/Person | | 98.97 | 98.97 | 98.97 | 98.97 | 98.97 | 98.97 | 98.97 | 98.97 | 98.97 |
| Average Occupancy / Tent | | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Retreat facility | | | | | | | | | | |
| Annual Occupancy | | 0% | 0% | 0% | 0% | 40% | 40% | 40% | 40% | 40% |
| Average Annual Rate/Person | | 118.77 | 118.77 | 118.77 | 118.77 | 118.77 | 118.77 | 118.77 | 118.77 | 118.77 |
| **Revenues** | | | | | | | | | | |
| Lodging Revenues - CAMP | | - | - | - | - | - | 623,535 | 644,320 | 644,320 | - |
| Revenues - RETREAT | | - | - | - | - | 220,910 | 213,784 | 220,910 | 220,910 | 213,784 |
| Other Revenues | | - | - | - | - | 11,627 | 44,069 | 45,538 | 45,538 | 11,252 |
| **Total Revenues** | | - | - | - | - | 232,536 | 881,388 | 910,768 | 910,768 | 225,035 |
| **Expenses** | | | | | | | | | | |
| Salaries | | - | - | - | - | 75,157 | 284,868 | 294,364 | 294,364 | 72,732 |
| Maintenance & Supplies | 6.0% | - | - | - | - | 13,952 | 52,883 | 54,646 | 54,646 | 13,502 |
| Insurance | | - | - | - | - | 2,747 | 10,411 | 10,758 | 10,758 | 2,658 |
| Taxes | 0.0% | - | - | - | - | - | - | - | - | - |
| Water transportation | | - | - | - | - | 3,120 | 11,827 | 12,221 | 12,221 | 3,020 |
| Utilities | 2.0% | - | - | - | - | 4,651 | 17,628 | 18,215 | 18,215 | 4,501 |
| Food | | - | - | - | - | 111,618 | 173,652 | 179,441 | 179,441 | 108,017 |
| Sales & Marketing | 3.0% | - | - | - | - | 6,976 | 26,442 | 27,323 | 27,323 | 6,751 |
| Replacement Reserves | 3.0% | - | - | - | - | 6,976 | 26,442 | 27,323 | 27,323 | 6,751 |
| **Total Expenses** | | - | - | - | - | 225,196 | 604,152 | 624,291 | 624,291 | 217,932 |
| **Net Pre-Debt Cash Flows** | | - | - | - | - | 7,340 | 277,236 | 286,477 | 286,477 | 7,103 |
| Less Debt Service (Net Drawdown in first Period) | | | | | | | 143,544 | | | |
| **Net Operating Cash Flows** | | - | - | - | - | 7,340 | 133,692 | 286,477 | 286,477 | 7,103 |
| Cash | | 17,938 | 17,938 | 17,938 | 17,938 | 22,504 | 88,139 | 88,139 | 88,139 | 22,504 |
| Accounts Receivable | | 119,584 | 119,584 | 119,584 | 119,584 | 150,024 | 587,592 | 587,592 | 587,592 | 150,024 |
| Investory | | 59,792 | 59,792 | 59,792 | 59,792 | 75,012 | 293,796 | 293,796 | 293,796 | 75,012 |
| Accounts Payable | | - | - | - | - | (217,932) | (604,152) | (604,152) | (604,152) | (217,932) |
| Working Capital Required | | 197,314 | 197,314 | 197,314 | 197,314 | 29,607 | 365,375 | 365,375 | 365,375 | 29,607 |
| Change in Working Capital | | - | - | - | - | (167,707) | 335,768 | - | - | (335,768) |
| Free Cash Flow | | - | - | - | - | 175,047 | (202,076) | 286,477 | 286,477 | 342,871 |

**PROJECT PROFORMA MONTHLY CASH FLOW** **Year 2009**

**Peddocks Island Eco-Retreat and Family Camp, Phase III**

**Case: Expected Case**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Month** | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Days in Month | | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 |
| Camp | | | | | | | | | | |
| Monthly Occupancy | | 0% | 0% | 0% | 0% | 0% | 70% | 70% | 70% | 0% |
| Average Annual Rate/Person | | 102.44 | 102.44 | 102.44 | 102.44 | 102.44 | 102.44 | 102.44 | 102.44 | 102.44 |
| Average Occupancy / Tent | | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Retreat facility | | | | | | | | | | |
| Annual Occupancy | | 0% | 0% | 0% | 0% | 40% | 40% | 40% | 40% | 40% |
| Average Annual Rate/Person | | 122.93 | 122.93 | 122.93 | 122.93 | 122.93 | 122.93 | 122.93 | 122.93 | 122.93 |
| **Revenues** | | | | | | | | | | |
| Lodging Revenues - CAMP | | - | - | - | - | - | 645,359 | 666,871 | 666,871 | - |
| Revenues - RETREAT | | - | - | - | - | 228,641 | 221,266 | 228,641 | 228,641 | 221,266 |
| Other Revenues | | - | - | - | - | 12,034 | 45,612 | 47,132 | 47,132 | 11,646 |
| **Total Revenues** | | - | - | - | - | 240,675 | 912,237 | 942,645 | 942,645 | 232,912 |
| **Expenses** | | | | | | | | | | |
| Salaries | | - | - | - | - | 77,787 | 294,839 | 304,667 | 304,667 | 75,278 |
| Maintenance & Supplies | 6.0% | - | - | - | - | 14,441 | 54,734 | 56,559 | 56,559 | 13,975 |
| Insurance | | - | - | - | - | 2,843 | 10,775 | 11,134 | 11,134 | 2,751 |
| Taxes | 0.0% | - | - | - | - | - | - | - | - | - |
| Water transportation | | - | - | - | - | 3,229 | 12,241 | 12,649 | 12,649 | 3,125 |
| Utilities | 2.0% | - | - | - | - | 4,814 | 18,245 | 18,853 | 18,853 | 4,658 |
| Food | | - | - | - | - | 115,524 | 179,730 | 185,721 | 185,721 | 111,798 |
| Sales & Marketing | 3.0% | - | - | - | - | 7,220 | 27,367 | 28,279 | 28,279 | 6,987 |
| Replacement Reserves | 3.0% | - | - | - | - | 7,220 | 27,367 | 28,279 | 28,279 | 6,987 |
| **Total Expenses** | | - | - | - | - | 233,078 | 625,298 | 646,141 | 646,141 | 225,559 |
| **Net Pre-Debt Cash Flows** | | - | - | - | - | 7,597 | 286,939 | 296,504 | 296,504 | 7,352 |
| Less Debt Service (Net Drawdown in first Period) | | | | | | | 143,544 | | | |
| **Net Operating Cash Flows** | | - | - | - | - | 7,597 | 143,395 | 296,504 | 296,504 | 7,352 |
| Cash | | 22,504 | 22,504 | 22,504 | 22,504 | 23,291 | 91,224 | 91,224 | 91,224 | 23,291 |
| Accounts Receivable | | 150,024 | 150,024 | 150,024 | 150,024 | 155,274 | 608,158 | 608,158 | 608,158 | 155,274 |
| Investory | | 75,012 | 75,012 | 75,012 | 75,012 | 77,637 | 304,079 | 304,079 | 304,079 | 77,637 |
| Accounts Payable | | - | - | - | - | (225,559) | (625,298) | (625,298) | (625,298) | (225,559) |
| Working Capital Required | | 247,539 | 247,539 | 247,539 | 247,539 | 30,643 | 378,163 | 378,163 | 378,163 | 30,643 |
| Change in Working Capital | | - | - | - | - | (216,896) | 347,520 | - | - | (347,520) |
| Free Cash Flow | | - | - | - | - | 224,493 | (204,124) | 296,504 | 296,504 | 354,872 |

**PROJECT PROFORMA MONTHLY CASH FLOW** **Year 2010**

**Peddocks Island Eco-Retreat and Family Camp, Phase III**

**Case: Expected Case**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Month** | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Days in Month | | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 |
| Camp | | | | | | | | | | |
| Monthly Occupancy | | 0% | 0% | 0% | 0% | 0% | 80% | 80% | 80% | 0% |
| Average Annual Rate/Person | | 106.02 | 106.02 | 106.02 | 106.02 | 106.02 | 106.02 | 106.02 | 106.02 | 106.02 |
| Average Occupancy / Tent | | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Retreat facility | | | | | | | | | | |
| Annual Occupancy | | 0% | 0% | 0% | 0% | 40% | 40% | 40% | 40% | 40% |
| Average Annual Rate/Person | | 127.23 | 127.23 | 127.23 | 127.23 | 127.23 | 127.23 | 127.23 | 127.23 | 127.23 |
| **Revenues** | | | | | | | | | | |
| Lodging Revenues - CAMP | | - | - | - | - | - | 763,368 | 788,813 | 788,813 | - |
| Revenues - RETREAT | | - | - | - | - | 236,644 | 229,010 | 236,644 | 236,644 | 229,010 |
| Other Revenues | | - | - | - | - | 12,455 | 52,230 | 53,971 | 53,971 | 12,053 |
| **Total Revenues** | | - | - | - | - | 249,099 | 1,044,608 | 1,079,429 | 1,079,429 | 241,063 |
| **Expenses** | | | | | | | | | | |
| Salaries | | - | - | - | - | 98,453 | 412,867 | 426,630 | 426,630 | 95,277 |
| Maintenance & Supplies | 6.0% | - | - | - | - | 14,946 | 62,676 | 64,766 | 64,766 | 14,464 |
| Insurance | | - | - | - | - | 2,697 | 11,310 | 11,687 | 11,687 | 2,610 |
| Taxes | 0.0% | - | - | - | - | - | - | - | - | - |
| Water transportation | | - | - | - | - | 3,064 | 12,848 | 13,276 | 13,276 | 2,965 |
| Utilities | 2.0% | - | - | - | - | 4,982 | 20,892 | 21,589 | 21,589 | 4,821 |
| Food | | - | - | - | - | 119,567 | 196,065 | 202,600 | 202,600 | 115,710 |
| Sales & Marketing | 3.0% | - | - | - | - | 7,473 | 31,338 | 32,383 | 32,383 | 7,232 |
| Replacement Reserves | 3.0% | - | - | - | - | 7,473 | 31,338 | 32,383 | 32,383 | 7,232 |
| **Total Expenses** | | - | - | - | - | 258,655 | 779,335 | 805,313 | 805,313 | 250,311 |
| **Net Pre-Debt Cash Flows** | | - | - | - | - | (9,556) | 265,273 | 274,116 | 274,116 | (9,248) |
| Less Debt Service (Net Drawdown in first Period) | | | | | | | 143,544 | | | |
| **Net Operating Cash Flows** | | - | - | - | - | (9,556) | 121,729 | 274,116 | 274,116 | (9,248) |
| Cash | | 23,291 | 23,291 | 23,291 | 23,291 | 24,106 | 104,461 | 104,461 | 104,461 | 24,106 |
| Accounts Receivable | | 155,274 | 155,274 | 155,274 | 155,274 | 160,709 | 696,405 | 696,405 | 696,405 | 160,709 |
| Investory | | 77,637 | 77,637 | 77,637 | 77,637 | 80,354 | 348,203 | 348,203 | 348,203 | 80,354 |
| Accounts Payable | | - | - | - | - | (250,311) | (779,335) | (779,335) | (779,335) | (250,311) |
| Working Capital Required | | 256,203 | 256,203 | 256,203 | 256,203 | 14,859 | 369,734 | 369,734 | 369,734 | 14,859 |
| Change in Working Capital | | - | - | - | - | (241,344) | 354,875 | - | - | (354,875) |
| Free Cash Flow | | - | - | - | - | 231,788 | (233,146) | 274,116 | 274,116 | 345,628 |

**PROJECT PROFORMA MONTHLY CASH FLOW** **Year 2011**

**Peddocks Island Eco-Retreat and Family Camp, Phase III**

**Case: Expected Case**

| **Month** | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| Days in Month | | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 |
| Camp | | | | | | | | | | |
| Monthly Occupancy | | 0% | 0% | 0% | 0% | 0% | 80% | 80% | 80% | 0% |
| Average Annual Rate/Person | | 109.73 | 109.73 | 109.73 | 109.73 | 109.73 | 109.73 | 109.73 | 109.73 | 109.73 |
| Average Occupancy / Tent | | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| | | | | | | | | | | |
| Retreat facility | | | | | | | | | | |
| Annual Occupancy | | 0% | 0% | 0% | 0% | 50% | 50% | 50% | 50% | 50% |
| Average Annual Rate/Person | | 131.68 | 131.68 | 131.68 | 131.68 | 131.68 | 131.68 | 131.68 | 131.68 | 131.68 |
| | | | | | | | | | | |
| **Revenues** | | | | | | | | | | |
| Lodging Revenues - CAMP | | - | - | - | - | - | 790,085 | 816,422 | 816,422 | - |
| Revenues - RETREAT | | - | - | - | - | 306,158 | 296,282 | 306,158 | 306,158 | 296,282 |
| Other Revenues | | - | - | - | - | 16,114 | 57,177 | 59,083 | 59,083 | 15,594 |
| **Total Revenues** | | - | - | - | - | 322,272 | 1,143,545 | 1,181,663 | 1,181,663 | 311,876 |
| | | | | | | | | | | |
| **Expenses** | | | | | | | | | | |
| Salaries | | - | - | - | - | 117,589 | 417,250 | 431,159 | 431,159 | 113,796 |
| Maintenance & Supplies | 6.0% | - | - | - | - | 19,336 | 68,613 | 70,900 | 70,900 | 18,713 |
| Insurance | | - | - | - | - | 3,221 | 11,430 | 11,811 | 11,811 | 3,117 |
| Taxes | 0.0% | - | - | - | - | - | - | - | - | - |
| Water transportation | | - | - | - | - | 3,659 | 12,984 | 13,417 | 13,417 | 3,541 |
| Utilities | 2.0% | - | - | - | - | 6,445 | 22,871 | 23,633 | 23,633 | 6,238 |
| Food | | - | - | - | - | 154,690 | 232,867 | 240,630 | 240,630 | 149,700 |
| Sales & Marketing | 3.0% | - | - | - | - | 9,668 | 34,306 | 35,450 | 35,450 | 9,356 |
| Replacement Reserves | 3.0% | - | - | - | - | 9,668 | 34,306 | 35,450 | 35,450 | 9,356 |
| **Total Expenses** | | - | - | - | - | 324,277 | 834,628 | 862,449 | 862,449 | 313,817 |
| | | | | | | | | | | |
| **Net Pre-Debt Cash Flows** | | - | - | - | - | (2,006) | 308,917 | 319,214 | 319,214 | (1,941) |
| | | | | | | | | | | |
| Less Debt Service (Net Drawdown in first Period) | | | | | | | 143,544 | | | |
| **Net Operating Cash Flows** | | - | - | - | - | (2,006) | 165,373 | 319,214 | 319,214 | (1,941) |
| | | | | | | | | | | |
| Cash | | 24,106 | 24,106 | 24,106 | 24,106 | 31,188 | 114,354 | 114,354 | 114,354 | 31,188 |
| Accounts Receivable | | 160,709 | 160,709 | 160,709 | 160,709 | 207,917 | 762,363 | 762,363 | 762,363 | 207,917 |
| Investory | | 80,354 | 80,354 | 80,354 | 80,354 | 103,959 | 381,182 | 381,182 | 381,182 | 103,959 |
| Accounts Payable | | - | - | - | - | (313,817) | (834,628) | (834,628) | (834,628) | (313,817) |
| Working Capital Required | | 265,170 | 265,170 | 265,170 | 265,170 | 29,246 | 423,271 | 423,271 | 423,271 | 29,246 |
| Change in Working Capital | | - | - | - | - | (235,923) | 394,025 | - | - | (394,025) |
| | | | | | | | | | | |
| Free Cash Flow | | - | - | - | - | 233,917 | (228,652) | 319,214 | 319,214 | 392,084 |

**PROJECT PROFORMA MONTHLY CASH FLOW** **Year 2012**

**Peddocks Island Eco-Retreat and Family Camp, Phase III**

**Case: Expected Case**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Month** | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Days in Month | | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 |
| Camp | | | | | | | | | | |
| Monthly Occupancy | | 0% | 0% | 0% | 0% | 0% | 80% | 80% | 80% | 0% |
| Average Annual Rate/Person | | 113.57 | 113.57 | 113.57 | 113.57 | 113.57 | 113.57 | 113.57 | 113.57 | 113.57 |
| Average Occupancy / Tent | | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Retreat facility | | | | | | | | | | |
| Annual Occupancy | | 0% | 0% | 0% | 0% | 50% | 50% | 50% | 50% | 50% |
| Average Annual Rate/Person | | 136.29 | 136.29 | 136.29 | 136.29 | 136.29 | 136.29 | 136.29 | 136.29 | 136.29 |
| **Revenues** | | | | | | | | | | |
| Lodging Revenues - CAMP | | - | - | - | - | - | 817,738 | 844,996 | 844,996 | - |
| Revenues - RETREAT | | - | - | - | - | 316,874 | 306,652 | 316,874 | 316,874 | 306,652 |
| Other Revenues | | - | - | - | - | 16,678 | 59,178 | 61,151 | 61,151 | 16,140 |
| **Total Revenues** | | - | - | - | - | 333,551 | 1,183,569 | 1,223,021 | 1,223,021 | 322,791 |
| **Expenses** | | | | | | | | | | |
| Salaries | | - | - | - | - | 121,704 | 431,854 | 446,249 | 446,249 | 117,778 |
| Maintenance & Supplies | 6.0% | - | - | - | - | 20,013 | 71,014 | 73,381 | 73,381 | 19,367 |
| Insurance | | - | - | - | - | 3,334 | 11,830 | 12,224 | 12,224 | 3,226 |
| Taxes | 0.0% | - | - | - | - | - | - | - | - | - |
| Water transportation | | - | - | - | - | 3,787 | 13,439 | 13,887 | 13,887 | 3,665 |
| Utilities | 2.0% | - | - | - | - | 6,671 | 23,671 | 24,460 | 24,460 | 6,456 |
| Food | | - | - | - | - | 160,105 | 241,018 | 249,052 | 249,052 | 154,940 |
| Sales & Marketing | 3.0% | - | - | - | - | 10,007 | 35,507 | 36,691 | 36,691 | 9,684 |
| Replacement Reserves | 3.0% | - | - | - | - | 10,007 | 35,507 | 36,691 | 36,691 | 9,684 |
| **Total Expenses** | | - | - | - | - | 335,627 | 863,840 | 892,634 | 892,634 | 324,801 |
| **Net Pre-Debt Cash Flows** | | - | - | - | - | (2,076) | 319,729 | 330,387 | 330,387 | (2,009) |
| Less Debt Service (Net Drawdown in first Period) | | | | | | | 143,544 | | | |
| **Net Operating Cash Flows** | | - | - | - | - | (2,076) | 176,185 | 330,387 | 330,387 | (2,009) |
| Cash | | 31,188 | 31,188 | 31,188 | 31,188 | 32,279 | 118,357 | 118,357 | 118,357 | 32,279 |
| Accounts Receivable | | 207,917 | 207,917 | 207,917 | 207,917 | 215,194 | 789,046 | 789,046 | 789,046 | 215,194 |
| Investory | | 103,959 | 103,959 | 103,959 | 103,959 | 107,597 | 394,523 | 394,523 | 394,523 | 107,597 |
| Accounts Payable | | - | - | - | - | (324,801) | (863,840) | (863,840) | (863,840) | (324,801) |
| Working Capital Required | | 343,063 | 343,063 | 343,063 | 343,063 | 30,270 | 438,086 | 438,086 | 438,086 | 30,270 |
| Change in Working Capital | | - | - | - | - | (312,793) | 407,816 | - | - | (407,816) |
| Free Cash Flow | | - | - | - | - | 310,717 | (231,631) | 330,387 | 330,387 | 405,807 |

**PROJECT PROFORMA BALANCE SHEETS**
**Peddocks Island Eco-Retreat and Family Camp, Phase III**
**Case: Expected Case**

| Year Ending | (Retreat Year 1) 2005 | 2006 | (Camp Year 1) 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| Cash | 16,745 | 17,331 | 17,938 | 22,504 | 23,291 | 24,106 | 31,188 | 32,279 | 33,409 |
| Net Accounts Receivable/(Payable) | 111,633 | 115,540 | 119,584 | 150,024 | 155,274 | 160,709 | 207,917 | 215,194 | 222,726 |
| Inventory | 55,816 | 57,770 | 59,792 | 75,012 | 77,637 | 80,354 | 103,959 | 107,597 | 111,363 |
| Total Current Assets | 184,194 | 190,641 | 197,314 | 247,539 | 256,203 | 265,170 | 343,063 | 355,071 | 367,498 |
| Net Fixed Assets | 1,153,440 | 4,326,976 | 4,110,627 | 3,894,278 | 3,677,929 | 3,461,581 | 3,245,232 | 3,028,883 | 2,812,534 |
| Total Assets | 1,337,634 | 4,517,617 | 4,307,941 | 4,141,817 | 3,934,132 | 3,726,750 | 3,588,295 | 3,383,954 | 3,180,032 |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| Current Portion Long Term Debt | - | 105,562 | 114,007 | 123,127 | 132,977 | 143,615 | 155,105 | 167,513 | 180,914 |
| Long Term Debt | - | 2,163,516 | 2,049,510 | 1,926,383 | 1,793,406 | 1,649,790 | 1,494,686 | 1,327,173 | 1,146,259 |
| Paid in Capital | 1,327,439 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 |
| Retained Earnings | 10,195 | (263,806) | (367,921) | (420,038) | (504,596) | (579,000) | (573,840) | (623,077) | (659,485) |
| Stockholder's Equity | 1,337,634 | 2,248,539 | 2,144,424 | 2,092,307 | 2,007,749 | 1,933,345 | 1,938,505 | 1,889,268 | 1,852,860 |
| Total Liabilities and Equity | 1,337,634 | 4,517,617 | 4,307,941 | 4,141,817 | 3,934,132 | 3,726,750 | 3,588,295 | 3,383,954 | 3,180,032 |
| Check - should equal zero | - | - | - | - | - | - | - | - | - |

| Year Ending | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| Cash | 37,041 | 38,338 | 39,679 | 41,068 | 42,505 | 43,993 | 45,533 | 47,127 | 48,776 |
| Net Accounts Receivable/(Payable) | 246,940 | 255,583 | 264,529 | 273,787 | 283,370 | 293,288 | 303,553 | 314,177 | 325,173 |
| Inventory | 123,470 | 127,792 | 132,264 | 136,894 | 141,685 | 146,644 | 151,776 | 157,089 | 162,587 |
| Total Current Assets | 407,452 | 421,713 | 436,472 | 451,749 | 467,560 | 483,925 | 500,862 | 518,392 | 536,536 |
| Net Fixed Assets | 2,163,488 | 1,947,139 | 1,730,790 | 1,514,442 | 1,298,093 | 1,081,744 | 865,395 | 649,046 | 432,698 |
| Total Assets | 2,570,940 | 1,947,139 | 1,730,790 | 1,514,442 | 1,298,093 | 1,081,744 | 865,395 | 649,046 | 432,698 |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| Current Portion Long Term Debt | 227,900 | 246,132 | 265,822 | - | - | - | - | - | - |
| Long Term Debt | 511,954 | 265,822 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Paid in Capital | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 | 2,512,345 |
| Retained Earnings | (681,259) | (1,077,159) | (1,047,377) | (997,903) | (1,214,252) | (1,430,601) | (1,646,950) | (1,863,299) | (2,079,647) |
| Stockholder's Equity | 1,831,086 | 1,435,185 | 1,464,968 | 1,514,442 | 1,298,093 | 1,081,744 | 865,395 | 649,046 | 432,698 |
| Total Liabilities and Equity | 2,570,940 | 1,947,139 | 1,730,790 | 1,514,442 | 1,298,093 | 1,081,744 | 865,395 | 649,046 | 432,698 |
| Check - should equal zero | - | - | - | - | - | - | 0 | 0 | 0 |

**PROJECT PROFORMA INCOME STATEMENT**

**Peddocks Island Eco-Retreat and Family Camp, Phase III**

**Case: Expected Case**

| Year Ending | (Retreat Year 1) **2005** | **2006** | (Camp Year 1) **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenues | 853,992 | 883,882 | 2,859,567 | 3,160,496 | 3,271,113 | 3,693,628 | 4,141,018 | 4,285,954 | 4,777,475 | 4,944,687 |
| Total Expenses | 843,797 | 840,529 | 2,097,911 | 2,295,862 | 2,376,217 | 2,898,927 | 3,197,620 | 3,309,536 | 3,915,593 | 4,052,639 |
| Operating Profit | 10,195 | 43,352 | 761,656 | 864,634 | 894,896 | 794,701 | 943,398 | 976,417 | 861,882 | 892,048 |
| Less Depreciation | - | - | 209,676 | 166,124 | 207,685 | 207,382 | 138,455 | 204,342 | 203,921 | 203,486 |
| Less Interest & Fees on Loan | - | 317,354 | 181,526 | 173,081 | 163,961 | 154,111 | 143,472 | 131,983 | 119,575 | 106,174 |
| Profit for the Year | 10,195 | (274,001) | 370,453 | 525,429 | 523,251 | 433,208 | 661,470 | 640,092 | 538,386 | 582,388 |
| Less Distributions of Cash to Shareholders | - | - | 474,568 | 577,546 | 607,809 | 507,613 | 656,310 | 689,329 | 574,794 | 604,960 |
| Earnings Retained for the Year | 10,195 | (274,001) | (104,115) | (52,117) | (84,558) | (74,404) | 5,160 | (49,237) | (36,408) | (22,572) |

| Year Ending | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenues | 5,296,872 | 5,482,263 | 5,674,142 | 5,872,737 | 6,078,283 | 6,291,023 | 6,511,208 | 6,739,101 | 6,974,969 | 7,219,093 |
| Total Expenses | 4,341,288 | 4,493,233 | 4,650,496 | 4,813,264 | 4,981,728 | 5,156,088 | 5,336,551 | 5,523,331 | 5,716,647 | 5,916,730 |
| Operating Profit | 955,584 | 989,030 | 1,023,646 | 1,059,473 | 1,096,555 | 1,134,934 | 1,174,657 | 1,215,770 | 1,258,322 | 1,302,363 |
| Less Depreciation | 202,570 | 623,800 | 216,349 | 216,349 | 216,349 | 216,349 | 216,349 | 216,349 | 216,349 | 216,349 |
| Less Interest & Fees on Loan | 76,070 | 59,188 | 40,956 | 21,266 | - | - | - | - | - | - |
| Profit for the Year | 676,944 | 306,041 | 766,341 | 821,859 | 880,206 | 918,586 | 958,308 | 999,421 | 1,041,973 | 1,086,015 |
| Less Distributions of Cash to Shareholders | 668,496 | 701,942 | 736,558 | 772,386 | 1,096,555 | 1,134,934 | 1,174,657 | 1,215,770 | 1,258,322 | 1,302,363 |
| Earnings Retained for the Year | 8,448 | (395,901) | 29,783 | 49,473 | (216,349) | (216,349) | (216,349) | (216,349) | (216,349) | (216,349) |