



**San Diego charter sample
Business Yacht Ownership®
Sample Cash Flow Example**

Estimates based on information provided by independent parties. This is not a business Plan. Please consult with the charter management company and seek professional legal and tax advice.

Yacht Type: Dufour 54

Assumptions	
Boat Price	\$ 1,135,064
Down Payment	\$ 227,013
Amt. Financed	\$ 908,051
Interest Rate	6.99%
Term	20
Monthly Loan Payments	\$ 7,035
Your Tax Rate?	37%

Cash Flow Summary	Boat as a Business	Private Ownership
Revenue	\$198,636	\$0
Tax Advantages*	\$72,214	\$0
Loan Pmnts	-\$84,416	-\$84,416
Management	-\$88,535	\$0
Dock Watch	-\$14,188	\$0
Dockage	-\$16,500	-\$18,975
Insurance	-\$18,659	-\$18,659
Maintenance	-\$28,399	-\$28,399
Total Cash Flow	\$20,153	-\$150,449
Monthly Avg	\$1,679	-\$12,537
Total Savings	113%	N/A

Other Inputs for this analysis	Chosen	NOTES			
Average Days of Charter:	70	80	90	100	
Annual Yacht License	800	N/A			
Average Daily Charter Rate:	\$ 2,270	\$ 2,270	\$ 2,270	\$ 2,270	
Dockage:	\$ 16,500				
Insurance:	\$ 18,659				
Management/Booking Fees:	50% of earned charter revenue				
Property Tax	\$ 14,188				
Bonus Depreciation? Ask Your Tax Advisor	\$ -				

CASH FLOW ESTIMATES					
	Year 1	Year 2	Year 3	Year 4	Total
Annual Income					
Total Charter Income	158,909	181,610	204,312	227,013	771,844
Sales Associate Income?	5,675	5,675	5,675	5,675	22,701
Other Income?	0	0	0	0	0
Total Annual Income	164,584	187,286	209,987	232,688	794,545
Annual Expenses					
Loan Payments (P&I)	84,416	84,416	84,416	84,416	337,664
Dockage	16,500	16,500	16,500	16,500	66,000
Insurance	18,659	18,659	18,659	18,659	74,634
Maintenance & Repairs	22,701	24,971	29,966	35,959	113,597
Management/Booking Fees	47,673	90,805	102,156	113,506	354,140
Property Tax	14,188	14,188	14,188	14,188	56,753
Other Expense?	0	0	0	0	0
Total Annual Expenses	204,137	249,539	265,884	283,228	1,002,788
Annual Pre-Tax Cash Flow	-39,553	-62,254	-55,897	-50,540	-208,244
Potential Tax Savings Estimates (see below)	53,879	95,299	77,209	62,467	288,855
Estimated After-Tax Cash Flow	14,327	33,045	21,311	11,927	80,611
Average Monthly After-Tax Cash Flow	1,194	2,754	1,776	994	1,679
Cumulative Cash flow:	14,327	47,372	68,684	80,611	80,611

POTENTIAL TAX SAVINGS EXAMPLE	Year 1	Year 2	Year 3	Year 4	Total
Seek Professional Tax Advice!					
Income from Above	164,584	187,286	209,987	232,688	794,545
Business Expenses (Deductable 100%)					
Management & Booking Fees	61,861	104,993	116,344	127,695	410,893
Total Business Expenses	61,861	104,993	116,344	127,695	410,893
Yacht Expenses (Deductable for Business Use)					
Loan Interest	62,789	61,227	59,554	57,759	241,329
Dockage, Dock Watch	30,688	30,688	30,688	30,688	122,753
Insurance & Maintenance	41,360	43,630	48,624	54,617	188,232
Total Expenses Deductible For Business Use	134,837	135,546	138,866	143,065	552,313
Percentage of Business Use	100%	100%	100%	100%	
Total Deductible Yacht Expenses	134,837	135,546	138,866	143,065	552,313
Total Deductible Business Expenses	196,698	240,539	255,210	270,759	963,207
Depreciation and Section 168 Expense:					
Initial Basis	1,135,064				
Section 168	0	0	0	0	0
Basis for MACRS	1,135,064	1,135,064	1,135,064	1,135,064	
New Salvage Value for Disposition	1,135,064	1,021,558	817,246	653,797	
MACRS Depreciation	113,506	204,312	163,449	130,759	612,027
Total Depreciation & 168 Expense:	113,506	204,312	163,449	130,759	612,027
Total Deductible Expenses	310,204	444,851	418,660	401,519	1,575,233
Taxable Profit (Loss)	-145,620	-257,565	-208,673	-168,831	-780,688
Tax Bracket Estimate	37%	37%	37%	37%	
Total Estimated Tax Savings:	53,879	95,299	77,209	62,467	288,855

Resale Value Analysis	Year 1	Year 2	Year 3	Year 4
Assumed annual inflation		2.00%	2.00%	2.00%
Cumulative inflation		2.00%	4.00%	6.00%
Replacement Cost	\$1,135,064	\$1,174,791	\$1,215,909	\$1,258,466
Discount to New Boat		25.00%	35.00%	40.00%
Estimated Resale Value		\$881,093	\$790,341	\$755,079

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