Chapter 7

**Activity 7-3** Site Costs

**Directions:** Complete the following worksheet to determine the various costs for each site.

1. Using the sites you identified in Activity 7-2, analyze the monthly or yearly costs for operating your business from those locations. Include only the costs that relate directly to the physical site. If there are other cost factors, expand the worksheet. Copy the site addresses from Activity 7-2, and then complete the rest of the worksheet.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Site address** | **Cost to lease/buy/build** | **Utilities (gas,**  **electricity,**  **phone, water)** | **Real Estate Taxes** | **Cost of renovation (if paid by owner)** | **Special licenses (if any)** |
| **1.** |  | Gas |  |  |  |
| Electricity |
| Phone |
| Water |
|  |
| **2.** |  | Gas |  |  |  |
| Electricity |
| Phone |
| Water |
| **3.** |  | Gas |  |  |  |
| Electricity |
| Phone |
| Water |

1. If you are running your business from home, there are costs that you can use as a tax deduction. Verify home-business deductions on the IRS website or contact a tax accountant. Find out the exact percentage that you can use for home-based business tax deductions.
2. Determine the part of your home that is going to be used only for your business. For instance, if your office is in a 100 square feet room of your 1,000 square foot home, you are using 10% of your home for business purposes (100 square feet 1,000 square feet = 10% or .10). Calculate the percentage of your home that your workspace will use.



<<Place Answer Here>>

1. If you pay a $1,000 mortgage every month, the tax-deductible business expense would be $100 per month (.10 x $1,000 = $100 *per month* or $1,200 *per year*).

<<Place Answer Here>>

1. The same thing would be true of your utilities costs. If you are using 10% of the house for your business, then calculate 10% of your utilities bill each month.

<<Place Answer Here>>

1. Which location appears to be the best choice based on this research?

<<Place Answer Here>>

1. What did you learn from this activity?

<<Place Answer Here>>

1. Ask your instructor where to save your documents. This could be on the school’s network or a flash drive of your own. Name your Word document *FirstnameLastname*\_Activity7-3.docx (i.e., JohnSmith\_Activity7-3.docx).