

# Start-Up Costs

You will incur some one-time costs just to get your business started. These costs can be very high to start a center. Listed below are some of the costs you might incur. You will need to research what your specific costs will be. In this example, the center will be licensed for 76 children, ages 6-weeks to 5-years. There is space for you to estimate your start-up costs.

Expense Item	Example Center (76 children)	Your Center (children)
<b>Child Care Cost</b>		
Educational Supplies/Equipment (toys, books, etc.).....	\$4,715	\$ _____
Other .....	0	_____
<b>Marketing Costs</b>		
Business cards, flyers.....	345	_____
Website.....	575	_____
Other.....	0	_____
<b>Furniture &amp; Fixtures, Improvements</b>		
Fencing.....	3,795	_____
Indoor furniture/equipment (mats, cribs, smoke detectors, fire extinguishers, computer, CD player, etc.).....	19,780	_____
Outdoor equipment/furniture (playground equipment, etc.).....	10,810	_____
Kitchen equipment/supplies.....	3,680	_____
Housekeeping equipment/supplies.....	575	_____
Office Furniture.....	2,300	_____
Renovation/building costs.....	*	_____
Other.....	0	_____
<b>Administrative Expenses</b>		
Utilities Deposit.....	173	_____
Business phone.....	230	_____
Licensing/Fees.....	575	_____
Insurance (hazard, liability, child abuse & neglect, bonding).....	3,450	_____
Legal/accounting fees.....	575	_____
Professional development (CPR, etc.).....	173	_____
Other.....	0	_____
Working capital (8 months).....	31,280	_____
<b>Subtotal One – Time Costs.....</b>	<b>\$83,031</b>	_____
Contingency (15%).....	\$12,455	_____
<b>TOTAL ONE-TIME COSTS</b>	<b>\$95,485</b>	_____

\* Renovations to meet licensing requirement and building costs will vary. Renovations in a center could be inexpensive or costly depending on the space and work required. The cost to build a building will usually be much higher. You should always get good estimates of work required and expected costs before signing a lease or contract. In this example, the owner will purchase a building for \$123,050 and will have renovation costs (including contingency) of \$63,458. See next page for guidance on estimating renovation costs.

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## Exercise 4-2: One-Time Costs

Based on your research, what costs do you anticipate incurring to get your business started? Who have you identified to supply the things you need to get started.

<u>Expense Item</u>	<u>Cost</u>	<u>Potential Vendor/Supplier</u>
<b>Child Care Costs</b>		
Toys/crafts	_____	_____
Other _____	_____	_____
Other _____	_____	_____
<b>Marketing Costs</b>		
Business cards	_____	_____
Website	_____	_____
Content marketing	_____	_____
Other _____	_____	_____
<b>Furniture, Equipment, &amp; Improvements</b>		
Fire extinguisher/smoke detector/ alarm system	_____	_____
Safety gates	_____	_____
Fencing	_____	_____
Sleeping mats/cribs/sheets	_____	_____
Office furniture	_____	_____
Renovation/building costs	_____	_____
Other _____	_____	_____
<b>Administrative Expenses</b>		
Rent deposit	_____	_____
Utilities deposit	_____	_____
Business phone	_____	_____
Licensing fee	_____	_____
Insurance	_____	_____
Legal fees	_____	_____
Professional development	_____	_____
Office supplies	_____	_____
Working capital (8 months)	_____	_____
Contingency costs (10-20%)	_____	_____
Other _____	_____	_____
<b>TOTAL One-Time Costs</b>	_____	

In addition to the one-time cost needed to get your business started, you will also have ongoing costs to run your business. These ongoing costs can be direct costs or overhead costs.

**Direct costs** are costs directly related to the service you provide (e.g. food, crafts supplies, educational materials, diapers). Direct costs vary based on how many children you care for.

# Start-Up Costs

Use this guide to estimate some of the costs of your renovation project. Once you complete this form, transfer the total to the “Renovations/building costs” line on your one-time costs list (page 47). You may not have all of these costs for your project. In some cases, you may have more costs than are listed here. This list is not complete – it is just an initial guide to get you thinking about costs for your child care.

## For renovation projects:

Construction estimate (Make sure this includes any building and inspection permits. If not, you'll need to budget for them): \_\_\_\_\_  
Construction contingency (10-15% of the construction estimate): \_\_\_\_\_  
Construction loan fees and interest: \_\_\_\_\_

## You may also need to pay for:

Plumbing (new bathrooms, diaper changing stations, etc.): \_\_\_\_\_  
Electrical work (wiring for computers, lights): \_\_\_\_\_  
Fire alarm, security alarm, etc.: \_\_\_\_\_  
Tree removal/other landscaping for playground: \_\_\_\_\_  
Upgrade to septic system: \_\_\_\_\_  
Architect/design fees: \_\_\_\_\_  
Upgrade to driveway: \_\_\_\_\_  
Decking, outdoor stairs, handicap ramp, fence: \_\_\_\_\_

## For purchasing or building a building, you may need:

Building/land cost: \_\_\_\_\_  
Other costs associated with purchase (attorney's fees, insurance, closing costs on a loan, etc.): \_\_\_\_\_  
Architect/design fees, surveys, appraisals: \_\_\_\_\_  
Construction cost: \_\_\_\_\_  
Construction contingency (10-15% of the construction cost): \_\_\_\_\_  
Site improvements (grading, sidewalks, curbs, gutters): \_\_\_\_\_  
Building and inspection permits: \_\_\_\_\_  
Water, gas, electric lines: \_\_\_\_\_  
Septic tank/sewer hook-up: \_\_\_\_\_  
Parking, driveway: \_\_\_\_\_  
Landscaping: \_\_\_\_\_  
Other construction items (fence, security system, playground): \_\_\_\_\_  
Signage: \_\_\_\_\_  
Moving costs: \_\_\_\_\_

## TOTAL for larger projects: \_\_\_\_\_

When planning a new facility or substantial renovation, make sure to consider: circulation, lighting, bathrooms, kitchen, reception area, parent's waiting area, service delivery, parking, staff rooms, offices, children's drop-off and pick-up, playground, and utility spaces.

**Useful rule of thumb:** The greater the proportion of classroom space to overall space, the more cost-effective the facility will be. (For example, hallways should be eliminated whenever possible.)