Pinehill Medical Associates (PMA) wants to expand. The medical group can acquire an open former medical facility nearby for $150,000 and will need an additional $50,000 for renovations with a total mortgage of $200,000. The payment will be $1050 per month for 30 years. Another option is to build a new facility for $250,000 and with monthly mortgage payments of $1100. The discount rate for both projects is 10%. The cost of capital is 15%. The projected income over the next five years:

|  |  |  |
| --- | --- | --- |
|   | **Option 1** | **Option 2** |
| Y0 | -200,000 | -250,000 |
| Y1 | 15,000 | 15,000 |
| Y2 | 75,000 | 75,000 |
| Y3 | 100,000 | 100,000 |
| Y4 | 150,000 | 150,000 |

* Determine which scenario would be the best option for the group over the next five years in terms of Internal Rate of Return (IRR)
* Write an interpretation of your findings and submit as a WORD document.