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\*\*\*\* Please the paper must be original. Please don’t do this in Excel . Please do it in Words.

You have been hired in the finance department at a large, metropolitan for-profit hospital. Your duties are very important to the entire hospital in terms of financing operating costs. Additionally, you are also in charge of 3 employees who work under you to help with the day-to-day accounting activities. Your role includes budgeting, managing the general ledger accounts, utilizing financial formulas to perform accounting activities, and training and development of your 3 employees. This professional career is exciting and challenging for you but is also enjoyable and rewarding as you work your way up the career ladder toward reaching your goal of becoming the chief executive officer (CEO) of the hospital.

Due to scarce resources, your organization is faced with the decision of choosing between mutually exclusive projects (I.e., Build a Rehab. Center or Build a Neonatal Wing). You have been asked to develop a financial analysis of two projects and based on Net Present Value (NPV), Return on Investment (ROI), and Profitability Index (PI),  explain which project is best to implement.

\*\*\*\*\*The concept needs to be explained that is what the instructor is looking for. You can make up your own numbers to explain the concept.

Table for NPV

Year 0 Year 1 Year 2 Year 3 Year 4 Year 5 Salvage Value

Net cash flow (70,000) 20,000 20,000 20,000 20,000 20,000 20,000

Present value factor

(10% cost of capital) n/a 0.909 0.826 0.751 0.683 0.620 0.620

Present value answer (70,000) 18,180 16,520 15,020 13,660 12,400 6,200

Net present value =11,980

ROI

Gain – investment cost ÷ investment cost = percentage

PI

Grater than l for single project

Thank You