

## MEMORANDUM

September 20, 1952

To: Mr. Frederick Burkhardt

From: Mr. Frank Stanbrough

It would be necessary to spend approximately \$2500 over the purchase price to equip and furnish Overlea Inn if meals were to be served, as they must if the place is to be successful. Mrs. Stanwood will take with her all of the living room furniture and some of the furniture in one of the bedrooms. The other furniture will be sold with the place and is adequate. The living room could be furnished for approximately \$1200 by picking up used tables, chairs, etc. The kitchen is completely inadequate for serving of meals, but for \$875 sufficient silverware, china and glassware for service for 30 people could be purchased as well as an adequate gas range, steam table and dish washing sink. This is the absolute minimum that would be required in the kitchen. The bedroom that must be partially furnished could be done for about \$200. At least two of the bedrooms would have to be repapered and painted and some additional blankets and linens purchased.

The house appears to be in good condition. I understand the heating plant was new two years ago. Mrs. Stanwood claims that the plumbing and wiring is in good condition, but this should be checked by an expert as well as the structural condition of the house. The outside of the house was painted last year and should be good for three more years.

There are six double guest rooms and seven single rooms with a total capacity of 19. There are two private baths; one semi-private bath connecting with two rooms and two public baths. There should be more, but it is possible to operate in a simple way with these.

During the months of July and August it would be reasonable to expect to operate at 75% capacity, which would mean a room revenue of \$2700 for that period. During, June, September and October it should operate at 50% capacity, which would bring in another \$2700 of income. The actual operating costs for these five months, including laundry, light, cleaning maid service and hot water, would run about \$1600. This cost estimate, of course, ignores insurance, interest, amortization, depreciation and taxes, and assumes that the owner will be manager.

It would be necessary to operate the dining room in order to attract room business. An outside meal business might be developed similar to the Frost House. A dining room on a small scale does not make much money and anyone would be lucky the first year to clear \$500 on the season.

I have no way of estimating what business might be done in the Winter with no skiing facilities in the immediate location. Mrs. Stanwood closes in November or December until Spring. My guess would be that you would be lucky to break even during the Winter months considering the additional heating costs.

The above estimate of business would refer to the first year of operation. It could, of course, be increased by promotion and smart managing. Because they have not served meals in several years, they have no established clientele except that which the College provides. I don't know what the value of the property is from a real estate or replacement point of view, but as a business investment I believe it is not worth more than \$20,000 or \$25,000.