

## Attachment 2: Budget Narrative

The ACE Prep Governing Board and school leadership hold the fiduciary responsibilities of operating a school to the highest degree of responsibility. Both parties work hard grounding financial decisions in a strong model of long-term stability and continue to strive for “exceeds standards” on all measures of the accountability framework. The financial pitfalls of being drastically under enrolled in Year 1 have been incredibly difficult to overcome, but we stayed the course and saw the light in Year 4. Enrollment growth targets were surpassed, the line of credit was paid off, and debt was paid down. Currently (COVID-19 aside) the school is in a solid position to enter strategic facility planning efforts to deem appropriate timing of building ownership, trading a lease payment for a lower mortgage payment. The path to financial stability is clear and while resting primarily on enrollment, it also includes continued tight oversight by the board on budget management and cash reserves and day-to-day ownership of expenses by the school leadership. Both parties have always stived to operate transparently and will continue to do so with the sharing of all required financial statements during monthly board meetings.

### State funding:

Funding levels are assumed to remain steady as populated in the ICSB budget template, which is not likely. This assumption is conservative, and the rest of the budget has taken suit with little to no growth in some areas.

### Facility:

As stated in the renewal narrative, ACE Prep and IFF have undergone a year-long facility acquisition and growth study - our current building as is will not meet our needs at full capacity. We do have room to build on the property and drawings for an addition were provided during the initial construction phase in 2016. The current building was designed solely for use by ACE Prep and our Head of School was integral in the design to ensure the space matched programmatic needs. Over the course of a renewed charter, the Governing Board and school leadership will work together to time the facility purchase when clear financial measures are met, as well as the details surrounding a new addition.

### Enrollment:

The enrollment scenarios in this budget do feel high considering current realities, however they were crafted as part of the feasibility study mentioned above and it is wholeheartedly believed targets would have been hit in absence of a global health scare. We will adjust as need be once enrollment for Year 5 is solidified.

### Inflation:

Inflation will obviously occur with certain expenses over the duration of the budget, however we kept most flat with the exception of salaries and wages mentioned below. Increases to certain line items were made based on increased enrollment and grade level size and not always due to inflation. We built in larger increases to contingency and furniture/fixture/equipment purchases to account for potential facility ownership.

### Salaries and Wages:

As noted above, salaries and wages are assumed to increase approximately 3% per year. ACE Prep strives to lower the base salary of teachers with no experience, while at the same time honor degrees earned, prior experience, and the role(s)/responsibilities a staff member has on the team.

### ICSB Fees:

On the budget template provided, these fees are calculated automatically.