Attachment 19: Budget Narrative

Revenues

State Revenue. State revenue is the basic tuition support/ adult grant based on adult learner enrollment projections of 150 in Year 1 and Year 2, 200 in Year 3, and 250 in Year 4 and Year 5. This is calculated at $6,750 per student. Revenue from a special education grant is based on estimated percentages of special education percentages of three active Excel Centers. Total State Revenue is budgeted at $1,022,850 in Year 1 and Year 2, $1,370,700 in Year 3, and $1,727,750 in Year 4 and Year 5.

Federal Revenue. Federal revenue includes Public Charter School Program Grant which will be applied for in July 2021. This amount will be used for capital purchases such as student computers, school furniture, and network equipment. Total Federal Revenue is budgeted at $492,375 in Year 1.

Other Revenue. Other revenue includes Contributions, Donations, and Grants from Private Sources in Year 0 and Year 1, representing a Goodwill Industries of Michiana contribution that has been provided for the opening of each of the three current Excel Centers. Other Revenue represents a Line of Credit draw on funds to be provided by Goodwill Industries of Michiana for working capital needs. This LOC will be a supported by a formal loan agreement. Total Other Revenue is budgeted at $50,000 in April of Year 0, $50,000 in Year 1, and $25,000 in Year 2.

Total Revenue is budgeted at $50,000 in Year 0, $1,565,225 in Year 1, $1,047,850 in Year 2, $1,370,700 in Year 3, and $1,727,750 each in Year 4 and Year 5.

Expenses

Administrative Staff. Administrative personnel expenses include Executive Administration: Office of Superintendent at 25% FTE of the Vice President of the Excel Centers salary, who will be overseeing four total schools. Other School Administration includes the School Director, 25% FTE of the Scheduling Support Coordinator, and 25% FTE of the Central Office Manager. Total administrative staffing is equivalent to 3.75 FTE for April through June in Year 0 and for each budget Year 1 through Year 5. Total Administrative Staff expenses are budgeted at $25,980 in Year 0, $115,840 in Year 1, $119,314 in Year 2, $122,894 in Year 3, $126,580 in Year 4, and $130,378 in Year 5.

Instructional Staff. Instructional personnel includes Teachers- Regular, which consists of one Lead Teacher, four Teachers in Year 1 and Year 2, an additional Math Teacher and English Teacher in Year 3 through Year 5, and a Resource Teacher in Year 4 and Year 5. Teachers-Special Education is one Special Education Teacher dedicated to the Elkhart Excel Center. Total instructional staffing is 6.0 FTE in Year 1 and Year 2, 8.0 FTE in Year 3, and 9.0 FTE in Year 4 and Year 5. Total Instructional Staff expenses are budgeted at $275,000 in Year 1, $283,250 in Year 2, $381,748 in Year 3, $483,200 in Year 4, and 451,347 in Year 5.

Non-Instructional/ Support Staff. Non-Instructional and Support personnel include Social Workers, Guidance Counselors, Therapists, which consists of a Lead Life Coach, a Life Coach,

and a Career and College Readiness Coach in Year 1 and Year 2, and an additional Life Coach in Year 3 through Year 5. Other Support Staff include an Office Manager, a Lead Kids Excel Teacher, a Kids Excel Teacher, and 25% FTE Early Childhood Service Director. Total non-instructional/ support staffing is 1 FTE for April through June in Year 0, 6.25 FTE in Year 1 and Year 2, and 7.25 in Year 3 through Year 5. Total Non-Instructional/ Support Staff expenses are budgeted at $8,538 in Year 0, $212,645 in Year 1, $219,024 in Year 2, $262,594 in Year 3, $270,473 in Year 4, and $278,587 in Year 5.

Subtotal of Wages and Salaries are budgeted at $34,518 in Year 0, $603,485 in Year 1, $621,588 in Year 2, $767,236 in Year 3, $835,253 in Year 4, and $860,312 in Year 5.

Payroll Taxes and Benefits. Payroll Tax and Benefits includes Social Security/ Medicare/ Unemployment, calculated at standard rates for total payroll of 4.75 FTE in April through June in Year 0, 16 FTE in Years 1 and 2, 19 FTE in Year 3, and 20 FTE in Year 4 and 5. Health Insurance is calculated at the average for current Excel Employees. Retirement Contributions are calculated at the maximum potential matching contribution for budgeted staff. Other Compensation is Worker's Compensation expenses. Total Payroll Taxes and Benefits expenses are $11,305 in Year 0, $171,560 in Year 1, $178,339 in Year 2, $216,917 in Year 3, $236,626 in Year 4, and $243,724 in Year 5.

Total Personnel Expenses are budgeted at $45,824 in Year 0, $775,044 in Year 1, $799,927 in Year 2, $984,153 in Year 3, $1,071,879 in Year 4, and $1,104,036 in Year 5.

Instructional Supplies and Resources. Instructional supplies and resources include Technology Supporting Instruction, including network and server setup and licensing, and 60 student computers, for Year 1. Cost is based on quotes obtained by Goodwill's IT Department. Professional Development includes dual credit/ certification fees for students and staff training, estimated based on annual costs at current Excel Centers. Other Instruction Supplies include various classroom supplies and equipment, based on annual costs at current Excel Centers. Total Instructional Supplies and Resources expenses are budgeted at $186,361 in Year 1, $12,815 in Year 2, $13,198 in Year 3, $13,594 in Year 4, and $14,002 in Year 5.

Administrative Resources. Administrative resources includes Administrative Technology, which will consist of 2 computers for staff purchased in April of Year 0, 10 computers for staff purchased in Year 1 and ongoing network and structure cabling expenses for Year 1 through Year 5. The costs for computers and related technology was quoted by Goodwill's IT Department. Other administrative expenses include dues and fees, student recruitment, office supplies, Kid's Excel supplies, and graduation expenses. In Year 1, this includes $33,775 for the Kids Excel Center startup costs. This cost was based upon an estimated quote received by a vendor. Other costs are based on those at three existing Excel Centers. Total expenses for Administrative Resources are budgeted at $3,000 in Year 0, $116,872 in Year 1, $30,285 in Year 2, $31,193 in Year 3, $32,531 in Year 4, and $33,067 in Year 5.

Governing Board Expenses. Governing Board expenses include Other Governing Board Expenses of Pathways board management software, used to provide documents for LEADS Board members for upcoming meetings. This cost will be allocated between all 4 Excel Centers

and is based upon current vendor invoices. Total Governing Board Expenses is $345 in Year 1, $355 in Year 2, $366 in Year 3, $377 in Year 4, and $388 in Year 5.

Purchased or Other Services. Purchased or other services include Audit Services of annual audit and tax accounting fees, calculated based on current Excel Center costs. Payroll Services are provided by the same service that administers payroll for Goodwill and are calculated per employee. Financial Accounting fees are calculated based on current Excel Center costs. Printing, Publishing, Duplicating Services expenses are based on current Excel Center costs. Telecommunication & IT Services are based on current Excel Center costs. Travel expenses includes staff mileage reimbursement and is calculated based on current Excel Center costs. Mail Services includes an office postage meter and related postage, based on current Excel Center costs. Special Education Administration costs are based on costs at the Excel Center- South Bend. Food Services expenses includes meals and food purchased, based on costs at the current Excel Centers. Transportation Services includes the cost of bus tickets and rideshare services for students and is based on current Excel Center costs. Marketing Expenses include media services for advertising at local media outlets, based on current Excel Center costs. Other Services represents employee background checks during the employment process. Total Professional Purchased or Other Services expenses are $65,201 in Year 1, $67,059 in Year 2, $75,137 in Year 3, $82,664 in Year 4, and $85,011 in Year 5.

Facilities Expenses. Facility Expenses include Facility Lease/ Mortgage Payments based on verbal discussions with Elkhart Community Schools. Although currently no formal agreement has been executed, there is strong probability that the lease amount will be $1 per year. Capital Improvements include a phone system in Year 1, based on leasehold improvements. Other Principal Payments is the Year 3 payment of the line of credit from Goodwill in Year 2. Operating Leases include a lease for copiers, calculated based on current Excel costs. Interest Payments is the interest paid on the line of credit to Goodwill in Year 2. Depreciation Expense is calculated at a 3-year level for Years 1 through 3 and a 5-year level for Years 4 and 5. Insurance expenses for the facility are estimated based on current Excel Center costs. Purchase of Furniture, Fixtures, & Equipment includes projectors, white boards and accessories for classrooms, 16 cameras and DVR, and school furniture calculated by Goodwill IT department and previous Excel Center costs. These will be incurred in Year 1. Electric & Gas utility expenses are based on current Excel Center costs. Water & Sewage utility expenses are based on current Excel Center costs. Repair and Maintenance Services are based on current Excel Center costs. Custodial Services include janitorial services and are based on current Excel Center costs. Waste Disposal expenses are based on current Excel Center costs. Security Services expenses are based on current Excel Center costs. Total Facilities Expenses are $464,416 in Year 1, $210,171 in Year 2, $236,211 in Year 3, $168,954 in Year 4, and $171,782 in Year 5.

Other Expenses. Other Expenses include the Indiana Charter Board Administrative Fee, calculated by ICSB. Management Fee is an annual licensing fee to GEI for Excel Center naming rights and curriculum. Escrow in the required amount is included in the budget. Other Expenses represent Goodwill Industries of Michiana staff working on the behalf of the Excel Centers. This includes accounting payroll, human resources, and IT personnel-related costs and will be

allocated based upon effort divided between all 4 schools. Total Other Expenses are $36,259 in Year 1, $39,481 in Year 2, $41,878 in Year 3, $34,297 in Year 4, and $35,050 in Year 5.

Total Expenses are budgeted at $48,824 in Year 0, $1,644,499 in Year 1, $1,160,093 in Year 2, $1,382,136 in Year 3, $1,404,296 in Year 4, and $1,443,335 in Year 5.

The Change in Net Assets is +$1,176 in Year 0, -$79.274 in Year 1, -$112,243 in Year 2, -11,436 in Year 3, +$323,454 in Year 4, and +$284,415 in Year 5. The net loss in Year 1 through Year 3 is mitigated by the $116,475 annual depreciation expense.

a) The Excel Center- Elkhart and the Northern Indiana Excel Center network rely on variable income such as grants, donations, and fundraising for only about 6% of total revenue. This includes applying for implementation grants as available. Most grants are designated for specific projects that enhance, but not fund, day-to-day operations.

b) The school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than the estimated budget includes decreased staffing if enrollment does not meet year-to-year projected increases.

c) The Excel Center- Excel will ensure it has sufficient funds to cover all anticipated expenses, including start-up costs, any special education costs incurred, any transportation costs necessary to ensure the school will be accessible for all enrolled students, and required retirement plan contributions by managing and optimizing cost-sharing within the 4-school network and loans from the umbrella organization, Goodwill Industries of Michiana, as needed, to cover expenses.