

# FAMILY FOUNDATIONS ACADEMY

## Families Focused on Achievement

BOARD OF DIRECTORS

June 30, 2015

Charles S. McDowell, Esq.  
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*Director of Development*

Delaware Department of Education  
Charter School Office  
401 Federal St., Suite 2  
Dover, DE 19901  
Attention: Jennifer Nagourney

Ladies and Gentlemen:

By letter of March 24, 2015, Family Foundations Academy was formally advised that the Department of Education, with the assent of the State Board of Education, had determined that, as the result of Formal Review proceedings, the criteria for remedial action under Title 14, Delaware Code, Section 516, had been satisfied and that FFA has been placed on probation for 6 months, subject to certain conditions, one of which is a monthly report to DOE outlining FFA's progress on each of the identified violations of the School's charter. The violations of the charter that were identified in the Charter School Accountability Committee's final report regarding the formal review proceedings were board governance, board oversight and conflicts of interest, financial operations and administrative operations. FFA's first such monthly report, filed on March 31, 2015, commented on each of the areas mentioned. In that report we acknowledged four open issues and requested DOE to inform us if there were any others. We have not been so informed of any other open issues. All but two of those open issues have been addressed and previously reported on. This is the report for the month of June and we report below on the two remaining open issues.

**Board Governance.** One remaining issue is to take steps if any matter involving a possible conflict between FFA and EastSide Charter should arise so that all EastSide connected Board members could recuse themselves without depriving the Board of a quorum. We do not see on the immediate horizon any opportunity for a conflict between FFA and EastSide but nevertheless we do plan to take steps before September to address this concern.

**Board Oversight and Conflicts of Interest.** As previously reported, we are not aware of any open issues in this area other than perhaps the routine compliance with public reporting by the Board of its activities. FFA is in compliance with all such public reporting requirements.



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New Castle, DE 19720  
Phone: (302) 324-8901

**Financial Operations.** The other remaining open issue is to have a financial audit completed by an auditor other than the one who performed the audit for FY14. We have engaged the firm of Haggerty & Haggerty to perform the audit for FY 15. We expect the audit to be completed in due course this fall.

It was previously reported that the School was projected to end this fiscal year with an operating deficit of approximately \$471,000 which is attributable primarily to one time extraordinary expenditures by prior management: \$324,000 for legal services; \$138,500 for leadership and charter renewal consulting services; and \$85,000 for a forensic audit. In addition, in May we learned that we would be required to return approximately \$77,000 of funding to the State and local school districts because of 10 students who were erroneously reported as enrolled on September 30. The operating deficit for FY15 is now projected at approximately \$440,620. The deficit will in any event be easily absorbed by more than \$2.8MM of carryover funds from prior years.

Attached is a preliminary budget for FY 16 which projects a small surplus.

The School believes it has completed all requirements of the Division of Accounting to again have the privilege of using the State's Peard system.

**Administrative Operations.** There are no open issues here pending from the Formal Review proceedings. While not a part of the Formal Review proceedings, the School had been operating under a Resolution Agreement with the Office of Civil Rights (OCR) of the US Department of Education dated December 12, 2012 relating to certain deficiencies in its special education program. By letter dated June 9, 2015, the OCR has advised the School that it has fulfilled the terms of the Agreement and their files on the case have been closed.

**Relocation of Facilities.** The School has an agreed term sheet with the Landlord of 160/170 Lukens Drive, New Castle (recently vacated by Reach Academy) whereby the School in stages over the next two years will consolidate its Elementary and Middle Schools at that one location. A Major Modification request has been filed to approve this relocation of facilities.

Accordingly, the School has satisfied all requirements of the probation that can be satisfied at this time and expects to continue operating in accordance with all regulatory requirements.

Very truly yours,



Charles S. McDowell  
Board President



Lamont W. Browne, Ed.D.  
Executive Director



## Family Foundations Academy FY16 Budget

	Budgeted Receipts FY15	Projected Preliminary Budgeted Receipts FY16	
<b>Revenue:</b>			
State - Carryover MCI Funds (50022)	\$ 170,730	\$ 102,000	<b>FFA Enrollment 810</b>
State - Unit Formula (05213)	\$ 4,937,887	\$ 4,973,291	
State - MCI FY16 (50022)	\$ 102,030	\$ 98,000	<b>ESCS Total 500</b>
State - Technology Block Grant (05235)	\$ 11,465	\$ 11,465	
State - Educ Acctab (05215)	\$ 2,433	\$ 2,500	
State - Educational Sustainment Fund (05289)	\$ 140,256	\$ 140,000	
State - Sequester Contingency (00254)			
State - Stipends (05225) - (Mentoring)	\$ 13,658		
State - High Performing Charter Fund (05221)			
Local - District Funding (98000)	\$ 2,686,269	\$ 2,716,493	Add'l SPED \$ \$94,941
Local - Food Service (91100, 98144)	\$ 441,099	\$ 518,010	
Local - Uniform Fees (?????)		\$ 20,000	<b>Food Service</b>
Local - Fundraising (98220)	\$ 49,000	\$ 35,000	Breakfast                      Lunch
Local - Interest (98000)	\$ 15,868	\$ 10,000	\$ 200,352.53    \$ 317,657.38
Local - Cost Recovery (98041)	\$ 1,403	\$ 5,000	
Local - Foundation (98141, 98140, 98159)			
Local - E Rate (98029)		\$ 10,000	
Local - Summer Camps (98205)	\$ 79,494		
Local - Before and After Care (98139)	\$ 27,925	\$ 30,000	Profit, Break this out
Local - Carryover (98000) -- Lukens Drive Fix Up			
Federal Funds	\$ 652,100	\$ 502,034	
<b>Total Receipts</b>	<b>\$ 9,365,900</b>	<b>\$ 9,173,793</b>	
	<b>Budgeted Expenses FY15</b>	<b>Projected Budgeted Expenses FY16</b>	
<b>Expenditures:</b>			
Salaries - Admin		\$ 890,956	
Salaries - Instructional		\$ 2,455,228	
Salaries - Food Service		\$ 24,304	
<b>Total Salaries</b>	<b>\$ 3,811,015</b>	<b>\$ 3,370,488</b>	
Other Employment Costs - Admin		\$ 364,255	
Other Employment Costs - Instructional		\$ 1,273,045	
Other Employment Costs - Food Service		\$ 31,796	
<b>Total Other Employment Costs</b>	<b>\$ 1,690,991</b>	<b>\$ 1,669,095</b>	
Total Building		\$ 789,095	
Maintenance, Utilities, & Insurance		\$ 542,400	
Central Office Transfer		\$ 690,158	
TEF Transfer		\$ 9,240	
Food Service		\$ 512,992	
Transportation		\$ 585,780	
Educational Services		\$ 195,000	
Educational Supplies		\$ 175,000	
Professional Services		\$ 45,000	
Supplies and Equipment		\$ 135,000	
Special Programs		\$ 72,000	
Depreciation & Amortization		\$ 174,371	
Contingency Reserve		\$ 153,796	
<b>Total Other Expenses</b>	<b>\$ 4,304,515</b>	<b>\$ 4,079,831</b>	
<b>Total Expenditures</b>	<b>\$ 9,806,520</b>	<b>\$ 9,119,414</b>	
<b>Surplus</b>	<b>\$ (440,620)</b>	<b>\$ 54,378</b>	

<b>Per Pupil Revenue</b>	<b>Per Pupil Revenue</b>
State	Local
\$ 6,140	\$3,236

<b>FFA Enrollment 810</b>	<b>ESCS Total 500</b>
check this	
Add'l SPED \$ \$94,941	
<b>Food Service</b>	
Breakfast	Lunch
\$ 200,352.53	\$ 317,657.38

FFA Employment Cost Comparison: FY15 vs. FY16			
		FY15	FY16
Salaries	\$	3,811,015	\$ 3,370,488
OEC's	\$	1,690,991	\$ 1,669,095
Central Office Transfer	\$	150,947	\$ 690,158
C.O. Non-Employee Costs			\$ (66,500)
<b>Total</b>	\$	<b>5,652,953</b>	<b>\$ 5,663,241</b>

**Family Foundations Academy  
FY16 Preliminary Budget**

Account Code	Description	Budgeted Expenses FY15	Preliminary Budgeted Expenses FY16		Assumptions
51005	Overtime Salaries		\$ 5,000.00		
51155	Leadership Team		\$ 465,979.99	\$ 479,800.00	
51192	Non-Instructional		\$ 419,976.06	\$ 438,360.80	
	<b>Total Admin Salaries</b>		<b>\$ 890,956.05</b>		
51004	Salaries Wages - Employees				
51017	Summer Enrichment Program Salaries		\$ -		
51100	Teachers (regular)		\$ 2,148,907.65	\$ 2,144,527.40	
51104	Paraprofessionals		\$ 132,312.62	\$ 129,714.00	
51108	Bonus Pool				Budget 3% of salaries for school-wide bonus for 15-16 to be paid in FY17 Budget
51110	Field Trip Bus Drivers (internal)		\$ 2,250.00		
51111	Stipends		\$ 50,475.00		
51151	Specialist & Coordinators		\$ -		
51176	Custodian		\$ 121,282.31	\$ 117,871.20	
51195	Bus/Lunch Aides & Drivers		\$ -		
	<b>Total Instructional Salaries</b>		<b>\$ 2,455,227.57</b>		
51187	Food Service		\$ 24,304.25	\$ 28,723.20	
	<b>Total Food Service Salaries</b>		<b>\$ 24,304.25</b>		
52001	Pensions/Employer Share (21.02%)		\$ 701,341.18		
52002	Health Insurance/Employer Share		\$ 650,254.05		
52005	Workmen's Compensation (1.60%)		\$ 53,927.81		
52006	Social Security/Employer Share (6.2%)		\$ 208,970.25		
52009	Unemployment Insurance (.17%)		\$ 5,729.83		
52016	Medicare/Employer Share (1.45%)		\$ 48,872.07		
	<b>Total Admin OECs</b>		<b>\$ 1,669,095.19</b>		
55641	Food Service		\$ 512,992.44		???, \$453,811 for 13-14 CHECK THIS, WAS ORIGINALLY \$345,000
	<b>Total Food Service</b>		<b>\$ 512,992.44</b>		Moving to Brandywine
54001	Mileage PRV Car w/in State		\$ 1,500.00		
55434	Buses - pupil transportation in state		\$ 584,280.00		Assuming reduction of busses from 13 to 10 at \$584,280 (6 ES busses - First Student; 7 MS busses - Ad
56183	Fuel				
	<b>Total Transportation</b>		<b>\$ 585,780.00</b>		
55000	Other Professional Service		\$ 10,000.00		DCSN (\$7*820), BlackBoard or Data Services
55010	Medical Related Services		\$ 75,000.00		ESCS budgeted for \$95,000
55061	Substitutes		\$ 30,000.00		
55600	Printing		\$ 8,000.00		
55610	Student/Staff Recruitment		\$ 2,000.00		
55647	Student Body Activities		\$ 70,000.00		
	<b>Total Educational Services</b>		<b>\$ 195,000.00</b>		
56120	Student Uniforms		\$ 35,000.00		
56110	Extracurricular Supplies		\$ 10,000.00		\$25,000 Music Instruments
56145	Computer Supplies		\$ 50,000.00		New and Replacement Laptops
56150	Instructional Supplies & Curricular Resources		\$ 80,000.00		
57040	Multimedia Equipment Technology				SmartBoards from Reach at \$2,000 for 30
	<b>Total Educational Supplies</b>		<b>\$ 175,000.00</b>		

**Family Foundations Academy  
FY16 Preliminary Budget**

Account Code	Description	Budgeted Expenses FY15	Preliminary Budgeted Expenses FY16	Assumptions
55051	Auditors		\$ 20,000.00	
55020	Legal Fees		\$ 25,000.00	
	<b>Total Professional Services</b>		<b>\$ 45,000.00</b>	
56000	Office Supplies		\$ 50,000.00	
56128	Medical Supplies/Medicines/Health Aides		\$ 10,000.00	cut in half if we do 1 nurse
56141	Custodial Supplies		\$ 50,000.00	
56220	Classroom Furniture		\$ 10,000.00	
57210	Capital Furniture		\$ 15,000.00	
	<b>Total Supplies and Equipment</b>		<b>\$ 135,000.00</b>	

**Family Foundations Academy  
FY16 Preliminary Budget**

Account Code	Description	Budgeted Expenses FY15	Preliminary Budgeted Expenses FY16	Assumptions
55090	Professional Development		\$ 44,000.00	Relay \$34K: (\$8k*4),travel(\$1k-not Inc. Denver) Food (\$1k), \$10k for other (Common Ground-\$1,500)
55100	Teacher Credentials/Tuition/Drug Tests		\$ 3,000.00	
55672	Principal's Discretionary Fund			On Cover Page under Central Office Transfer
55063	Communities In Schools			
55633	Summer Enrichment Program			
55721	Miscellaneous		\$ 10,000.00	
56006	Parental Involvement		\$ 5,000.00	
56011	Homebound Instruction		\$ 10,000.00	
56070	Charter School Board Expense		\$ -	
	<b>Total Special Programs</b>		<b>\$ 72,000.00</b>	
55629	Rent (Lukens Drive Building 1)		\$ 351,721.13	Building 1 in Lukens Drive (\$10.50/sq ft.)
55630	Mortgage		\$ 394,308.00	1st Mortgage: \$357,756 and 2nd Mortgage: \$36,552, for 1101 Delaware St.
55405	Land Lease		\$ 43,065.51	
	<b>Total Building</b>		<b>\$ 789,094.64</b>	
55120	Internet		\$ 5,400.00	
55074	Security		\$ 16,000.00	
55101	Postage		\$ 6,000.00	
55125	Telephone Services		\$ 30,000.00	
55200	Water			
55203	Utilities - 1101		\$ 85,000.00	Estimate that does not include utilities if we rent rooms in 160 Lukens Drive
55648	Utilities - Lukens Drive		\$ 95,000.00	
55400	Equipment Rental		\$ 100,000.00	
55452	Insurance (Bldg & Contents)/Umbrella Liability		\$ 30,000.00	
55506	M+R Expense, Outside Services		\$ 40,000.00	Maintenance & Repair; If we rent, who is responsible for building repairs?; \$280K for 14-15 ( do we need r
55507	Maintenance - Contracts Facilities		\$ 135,000.00	Landscaping-\$25K, Nat'l HVAC, Water Coolers, Snow Removal; \$75,000-Tornado Facilities Contracting
	<b>Total Maintenance, Utilities, &amp; Insurance</b>		<b>\$ 542,400.00</b>	
	<b>Depreciation &amp; Amortization</b>		<b>\$ 174,371.00</b>	??? - I would say new and or replacement laptops, etc. (to be purchased this year)
	<b>Contingency Reserve</b>		<b>\$ 153,795.67</b>	
	<b>Grand Totals - All Categories</b>		<b>\$ 8,420,016.80</b>	