

Budget and Finance Final Report Response

Thank you for the opportunity to respond to the Final Report Budget and Finance section. Below you will find responses to each of your concerns. Also, you will find a fundraising plan attached to explain the “Other” funds shown on the budget worksheet.

In response to your first three concerns:

- The revised budget worksheets show a “Prior Year Carryover” amount of \$900,000 in Year 0 (State and Local Revenue). It is unclear where this amount comes from as the school would not be entitled to any State or Local funds in Year 0.
- The “Prior Year Carryover” amounts in subsequent years do not match the ending balance from the previous year. There is no explanation of why the amounts do not match. The narrative provided simply states that “Carryover funds from prior fiscal year budgets and ‘Other Funds’ ” were brought forward. The revised budget information submitted did not include worksheets for Federal or Other Funds; thus, it is unclear how these numbers were calculated.
- If “Prior Year Carryover” amounts are excluded from the budget worksheets, the school will have a deficit of nearly \$20,000 in Year 1.

We received clarification from Brooke Hughes on the budget worksheets and how they should be presented. After speaking with Brooke, the budget was re-done. It will now show that the “State and Local Funds” page and the “Other Funds” page are shown as two separate budgets, per Brooke Hughes. Before, they were merged and “Carryover Funds” reflected monies from the “Other Funds”. This is why they didn’t match. As you’ll now see, all expenditures during the Planning Year are reflected in the “Other Funds” budget worksheet. Those funds consist of nonprofit grants, foundation grants and private monies. Private monies can be defined as individual donors, corporate giving and special events. Please see the outlined fundraising plan attached for further detail on each budget line category. The “Prior Year Carryover” amounts now match. They did not match before as discussed above. Further, the school will not carry a deficit of nearly \$20,000 in Year 1 because those expenditures can be seen in the “Other Funds” budget worksheet. Those expenditures will be earmarked for construction and outfitting costs of the building through the incremental build schedule.

In response to your last concern:

- The response to the Preliminary Report indicates that the Applicant will seek grant funds from private foundations. If this is the source of the Year 0 funding, how would the timing of these grants work in relation to the timeline submitted for Year 0 activities? Have any grant funds been secured to date? The Applicant states that there have been discussions with lenders regarding loan options if grant funds are not secured. Have any budgets been prepared with estimated loan payments if this option is selected? It does not appear that this scenario was included in any of the budgets submitted.

Deadlines for foundation grants such as Longwood Foundation, Welfare Foundation, Rodel Foundation, Laffey McHugh Foundation, Crystal Trust and the Gilliam Foundation are

September 15th. This deadline still keeps us on track for a January 2014 construction schedule to outfit the school. The nonprofit grants listed in the fundraising plan are on rolling schedules; meaning we can apply for money and be granted money as soon as we are an approved school entity. No funds have been secured to date because we have to be an approved school before we are able to apply and be granted monies from foundations. The nonprofit grants also require us to be an approved school entity because they have conditions/timelines for implementation of their grants. In regards to the loan payments, we no longer show a budget deficit of nearly \$20,000 in year 1 after the “State and Local Funds” and “Other Funds” budget worksheets were handled separately per Brooke Hughes. Now, the construction and outfitting costs are costs attributed to the “Other Funds” worksheet leaving us with a surplus in Year 1. In the event we needed to secure a loan, the founding board understands that the loan would need to be secured privately by one or more of the individuals on the founding board. The loan would need to be secured by putting up property, etc with M&T or TD Bank. Preliminary meetings have been held with both banks and all parties understand the necessary steps if such a situation happens. No extra budget worksheets are needed because this will need to be done on an as need basis depending on the amount of the loan needed.

Please see the attached fundraising plan and updated budget worksheet. It should be noted that the \$200,000 for nonprofit grants will go towards “Other Education Program” because they will be earmarked for each specific program of that nonprofit.