

TEACH Las Vegas
Petition Budget Narrative

1/18/2021

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- (1) Describe the systems and processes by which the school will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted for the school, and describe the selection process and criteria for the selection of contractors.

Back office services (accounting, bookkeeping, accounts payable, payroll, etc.) for the School will be provided by Charter Impact, Inc. Charter Impact has specialized in charter school and non-profit accounting for a decade and currently provides these services to TEACH Public Schools. A company bio, summary org chart and contract for these services has been attached.

The annual audit will be conducted by an independent CPA firm with expertise in charter school audits. The School's Board of Directors will select the CPA firm and review the results on an annual basis.

- (2) As Attachment 18, present a budget narrative including a detailed description of assumptions and revenue estimates, including but not limited to the basis for revenue projections, staffing levels, and costs. The narrative should specifically address the degree to which the school budget will rely on variable income (e.g., grants, donations, fundraising, etc.). Include the following:

- (a) Per-Pupil Revenue: Use the figures provided in developing your budget assumptions.

The DSA calculation and funding level is based on the 2020 amounts available for Clark county at the time the budget was prepared. Total DSA funding for the base year (2021-22) is \$7,243. This per student funding rate is increased by 3% for all future years to account for inflation. The School has also included a DSA Sponsorship Fee of 1.25% per year.

Other revenue sources and funding rates include Special Education (\$3,500 per student up to 13%), Title I (\$700 per FRL student), and IDEA (\$1,060 per SPED student).

- (b) Anticipated Funding Sources: Indicate the amount and sources of funds, property or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated and include evidence of commitment for any funds on which the school's core operation depends. If corporate, foundation, or other entity or individual fundraising estimates are included at \$5,000 or more in any year, be sure to include a copy of any conditional or other commitment letter(s) to support the amount assumed in the budget. Designate in the narrative how much of the anticipated funds may be restricted, such as for a sports field or art equipment.

The School's financial model is built on governmental funding only and the financial sustainability is not dependent on philanthropy. Any grants, fundraising, donations will only add to the School's total revenue/resources. A year 0 grant of \$100,000 was assumed in building out the incubation tab of the financial plan and incubation year planning table (attachment 14).

- (c) Anticipated Expenditures: Detail the personnel and operating costs assumptions that support the financial plan, including references to quotes received and the source of any data provided by existing charter school operators in Nevada or other states.

The School's anticipated expenditures and structure are based on the petitioners' extensive experience operating successful public schools. All areas of spending (as bulleted below), are based on the proven instructional model described in detail within the petition. The budget was developed on a line by line basis from the personnel needed to the facility proposed and cost of instructional materials.

- *Personnel: Total personnel costs (salary and benefits) remain relatively constant near 55% of total expenditures. "Personnel" includes the salary costs of all staff, including those who work full-time and part-time, and includes all staff benefits including social security, Medicare, pension costs, health care and workers' compensation. Teacher staffing levels are based upon enrollment projections. Ratios of Teachers to Students will be at 25:1. The budget is based on an average teacher salary of \$47,500 in the base year and increased by 3% in each year thereafter.*

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The budget also includes significant support for students in the form of special education, counselors, EL Coordinator, EL Teachers and Instructional Aides. Personnel included in addition to direct instruction include IT support, Parent Coordinator, Directors of Data, Instruction and Assessment as well as maintenance and general office support.

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- *Instructional Supplies: Costs included in the budget on a per pupil basis are based on the petitioners' history of operating K-12 public schools. The budget includes professional development per employee of \$750 each year. Another large focus of resources is special education services. In addition to the in-house staffing, the budget includes contracted SPED services of \$2,000 per SPED student.*
- *Facilities: The facility costs included in the budget is based on a proposed location/project developed and leased from Red Hook Capital (experts in charter school facility construction, renovation, and development). The proposed school site is located at 4648, 4656 and 4660 North Rancho Drive, Las Vegas, NV.*
- *Furniture and Equipment: The School intends to utilize technology as a part of the instructional model and has therefore included technology for the classroom, hardware acquisition/replacement, and educational software.*

The amounts included provide the School with the necessary resources to refresh equipment every three years, ensuring the technology available keeps pace with future advancements.

- (d) Discuss in detail the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated, including both the scenarios identified in subsections e and f.

The School's financial model is intended to be highly variable based on the number of students served. As such, changes in the actual enrollment will drive hiring and purchasing decisions ensuring that the School maintains a balanced budget.

- (e) Year 1 cash flow contingency in the event that state and local revenue projections are not met in advance of opening.

Beginning in January of 2022, the School will work with Charter Impact do adjust/revise the budget based on current enrollment trends. This first draft will continue to be refined as enrollment counts are updated and personnel are identified. This process of continuous monitoring allows the School board of Directors to approve a budget based on the most up to date information prior to opening. After the year one operations begin, the School will review an updated forecast on a monthly basis to monitor financial performance and ensure a surplus is maintained.

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- (f) Year 1 cash flow contingency in the event that outside philanthropic revenue projections are not met in advance of opening.

As noted above, the School's budget is not reliant on non-governmental funding and it has not been included in the budget.

- (g) Applicants that choose to project revenue from Title IA and IDEA funding streams should include information in their budget narrative regarding:

- i. How the projected number of students in each applicable subgroup was determined

Projected number was based on demographics of surrounding schools.

- ii. How the school will ensure federal grant funds are used in alignment with federal requirements (ex. Allowable and reasonable expenses, supplement vs. supplant)

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Beginning with the budget process, the School will review and budget for general instructional services. Additional instructional support costs will then be added for groups targeted by the federal funds. From an expense tracking perspective, the School's accounting system allows all restricted funding sources to be tracked and reported upon separate from general instructional funds. School personnel will review invoices and based on services provided, code them

to a particular funding source. On an interim basis during the year, the school will review the spending of these funds to ensure compliance.

- iii. How the school will adapt if the student population is different than the projection and/or if the per-pupil allocation is different than anticipated

The process for reviewing and revising the budget of restricted funds is a part of the process described above in (e).

- (3) Submit the completed Financial Plan Workbook for the proposed school as Attachment 19.

Attached.

- (4) Describe the annual audit of the financial and administrative operations of the school. Discuss the planned financial controls and their implementation plans. Include evidence that the school will adhere to the accounting, auditing, and reporting procedures and requirements that apply to public schools operating in Nevada.

The Board will annually appoint an audit committee by January 1 to oversee the independent auditors for that fiscal year. Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee. The committee shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit. The audit shall include, but not be limited to (1) an audit of the accuracy of school's financial statements, (2) an audit of the school's attendance accounting and revenue claims practices, and in conjunction with (1) and (2) above, review the school's internal controls over financial reporting. If applicable, the audit shall be prepared in accordance with any relevant federal Office of Management and Budget audit circulars.

In developing your budget, please ensure that the school does not operate at a loss during any year—this is prohibited by Nevada law.