Renewal Budget Plan - Part A
Global Renaissance Academy of Distinguished Education, Inc.
dba Grand Canyon Preparatory Academy

		Actual	Projected Financial Information		
		FY 2009/10	FY 2010/11	FY 2011/12 [26]	FY 2012/13 [26]
ADM:	1, 26	51.546	69.487	77.000	81.000
REVENUE					
State Equalization Assistance	2, 26	392,424	530,472	616,364	632,260
Classroom Site Fund	3	16,494	19,277	21,290	22,385
Instructional Improvement Fund	4	2,141	2,779	3,080	3,240
Federal Funds/Grants	5	97,305	31,082	5,974	5,974
Other State Funds/Grants		-	-	-	-
Food Service (e.g., NSLP, food sales)	6, 26	-	1,400	1,500	1,600
Extracurricular Tax Credits	7	2,076	1,200	1,200	1,200
Contributions and Donations	7	294	2,040	1,200	1,200
Fundraising	7	563	650	650	650
Earnings on Investments		-	-	-	-
Student Activities	8, 26	23,037	16,000	17,728	18,614
Kindergarten Tuition (Applies only to FY10 & FY11 unless expanded by Legislature)		-	-	-	-
Other	9	8,360	-	-	-
TOTAL REVENUE		542,694	604,900	668,986	687,123
EXPENSES					
Instructional					
Salaries	10	233,366	-	-	-
Payroll Taxes	10	20,794	-	-	-
Employee Benefits	10	11,536	-	-	-
Purchased Services (Leased Teaching Staff)	10	-	296,521	302,351	308,438
Purchased Services (Consultants/Contract Teaching Staff)	10, 11	79,196	16,538	2,000	2,000
Purchased Services (Special Education)		18,104	15,900	16,800	16,800
Technology		-	-	4,050	5,400
Textbooks/Curriculum/Library		615	500	1,500	1,500
Instructional Supplies		12,566	9,995	10,000	10,000
Professional Development		-	2,000	2,000	2,000
Travel		-	100	100	100
Tuition for dual credit courses (Mesa Comm. College)	12	-	5,000	13,000	13,000
Other		-	-	-	-
Total Instructional		376,177	346,554	351,801	359,238
Non-Instructional					
Salaries	10	15,997	-	-	-
Payroll Taxes	10, 13	11,768	-	-	-
Employee Benefits	10	2,883	-	-	-
Purchased Services	10, 29	60,403	62,707	60,920	65,920
Rent/Bond Payment (including taxes and insurance)	14	93,575	66,999	118,440	118,440
Repairs and Maintenance	17	5,718	5,685	5,799	5,915
Property, Casualty, Liability Insurance		2,813	3,500	3,570	3,641
Interest/Property Taxes	15	15,064	1,200	-	-
Communications (including Utilities)		17,365	17,272	17,617	17,970
SAIS Hosting Services	16	-	6,250	2,668	2,721
Furniture and Other Equipment		-	-	1,000	1,000
Improvements to New Rental Facility	17	4,137	59,974	-	-
Note/Loan/Non-Facility Lease Payments		6,684	4,354	3,165	3,165
Audit		13,225	10,000	10,000	10,000
Legal	18	16,170	11,500	8,500	8,500
Advertising/Marketing/Referral Awards	19	10,358	6,800	7,500	8,000
Travel		195	200	200	200
Printing and Postage		450	500	510	520
Supplies		5,557	8,350	8,517	8,687
Food Service	26	181	1,200	1,300	1,400
Transportation		98	100	100	100
Student Activities	26	6,841	4,025	4,460	4,683
Fees and Dues	20	11,979	950	950	950
Penalties	21	25,944	-	-	-
Bankruptcy payments under Chapter 11 Reorganization Plan	22	-	-	30,000	30,000
Technology		-	-	450	600
Student Awards	23	-	3,250	3,500	1,000
Other	24	497	497	497	497
Total Non-Instructional		327,902	275,312	289,662	293,909
TOTAL EXPENSES	25	704,079	621,866	641,463	653,147
Increase (Decrease) in Net Assets	27	(161,385)	(16,966)	27,522	33,976
Net Assets, Beginning of Year		(613,161)	(774,546)	(791,512)	(763,990)
Net Assets, End of Year	28	(774,546)	(791,512)	(763,990)	(730,013)

(See notes on next page).

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ASSUMPTIONS/NOTES

1. Moderate ADM growth is projected in 2011/12 and 2012/13, based on the 2010/11 enrollment and the increased interest from prospective students/parents, and due to the more visible and accessible school location. Projected ADM numbers reflect enrollment projections per the Bankruptcy Disclosure Statement.

2. Equalization revenue in 2010/11 is based on the April 25 CHAR reports available on ADE as of 5/13 and has been reduced by approximately $22K in anticipation of a June 30 "EduJobs" Additional Assistance reduction as required in the 2011/12 legislative budget approved on 4/1/11 (based on State allocation list available as of 5/13). 2010/11 amount also reflects a 5% withholding (estimated $5.6K) beginning in May, per action of State Board of Education, and the same amount is reflected as "returned" during the 2011/12 school year (assumes compliance with Reorganization Plan). Equalization revenues for 2011/12 and 2012/13 also include a net decrease in estimated Additional Assistance of approximately $133/student, based on 2011/12 budget as approved by the Legislature on 4/1/11 (.9% increase to Additional Assistance, less proportionate share of $17,656,000 lump sum reduction).

3. Classroom Site Fund revenue in each year projected is based on $185/student, multiplied by the respective weighted student count used to calculate Equalization.

4. Instructional Improvement Fund revenue in each year projected is based on $40/student, multiplied by the respective unweighted student count used to calculate Equalization.

5. Federal Funds/Grants revenue includes $86K ARRA SFSF funds and $11K IDEA/ARRA IDEA funds in 2009/10; $25K ARRA SFSF/EduJobs funds and $6K IDEA funds in 2010/11; and $6K IDEA funds projected in 2011/12 and 2012/13.

6. Food Service revenues are for snacks and lunches purchased by students and assume an increase each year approximately equal to projected ADM growth each year.

7. Extracurricular Tax Credts, Contributions/Donations and Fundraising income are projected conservatively based on YTD activity for 2010/11 and prior years' history.

8. School Activity revenues consist of fees for uniforms and consumable supply fees. The fees charged for these items were reduced by the school during the 2010/11 school year. Projected 2011/12 and 2012/13 revenues are based on 2010/11 amounts, multiplied by the projected ADM growth rate over the same period.

9. Other revenue in 2009/10 includes sublease of part of prior facility to church groups, and miscellaneous reimbursement of expense, neither of which are expected to continue in 2010/11 and beyond.

10. Beginning in September 2010, Salaries, Payroll Taxes and Benefits for Instructional staff are paid by DHR under an employee leasing arrangement. The school is billed for the total payroll amount, plus an administration fee, which the school pays directly to DHR as a Purchased Service. All other staff/consultants (Instructional and Non-Instructional) are paid on a contracted services basis (i.e., 1099 vendors). Total staff-related savings in 2010/11 compared to 2009/10 is approximately $60K, and this savings is expected to continue in 2011/12 and 2012/13 (less a 2% cost-of-living increase during both years).

11. The school has significantly reduced the number of contract teaching staff/consultants in 2010/11 as compared to 2009/10, and plans to continue this reduction over the next two years (see #10 above).

12. The school participates with Mesa Community College, allowing qualifying students to enroll in dual college credit courses. Student tuition is paid by the school.

13. Payroll taxes in 2009/10 include $11K paid to the IRS for overdue taxes, under a previous Offer in Compromise.

14. The school moved into a new facility during the 2010/11 school year. Rent expense of $93K in 2009/10 included rent payments through only March 2010 (compared to approx. $176-180K in previous years). Rent expense for 2010/11 and going forward is based on payment schedule set forth in the lease agreement. 2010/11 projections include three months of rent abatement and monthly payments of $6K(triple net) through May 2011 and $9,250 triple net in June 2011. For 2011/12 and 2012/13, monthly payments are $9,250 triple net.

15. Interest/Property Taxes in 2009/10 includes $13K accrued interest on outstanding payroll tax liability. Further accrual of interest is stayed on pre-petition tax debt.

16. Schoolmaster is now hosting and providing backups of SAIS data under a separate hosting agreement. The decrease between 2010/11 and future years is due in part to start-up costs and to satisfying a past liability with the hosting company, with the verbal approval of the Court.

17. Consists of Improvements made to ready previous preschool facility for charter school use in 2010/11. Any ongoing repairs and/or improvements are included in Repairs and Maintenance expense projections.

18. Legal fees include bankruptcy attorney, trustee and court fees and are expected to decrease over the next few years as the bankruptcy petition is in the approval process.

19. Advertising/Marketing/Referral Awards consists of improved signage, use of a marketing consultant, increased website exposure and continued open houses. In addition, based on published school guidelines, the school offers Referral Awards to award families that refer students to Grand Canyon Prep, as long as they attend 95 percent of the time and demonstrate sound citizenship. Referral Awards are estimated at $300 for 2010/11, $1,000 in 2011/12 and $1,500 in 2012/13.

20. Dues & Fees include bank and late fees of $11K in 2009/10. Amount is projected to be less in 2010/11 and beyond due to improved cash flow and cash management.

21. Penalties in 2009/10 include amounts accrued on outstanding payroll tax liability in 2009/10. Further accrual of penalties is stayed on pre-petition tax debt.

22. Amount projected to be paid monthly under the proposed Reorganization Plan. Amounts will first be applied to unsecured priority tax claims totaling approximately $156K (see more information on Reorganization Plan under note #28 below).

23. Per School Behavior Guidelines published in our policies and website, Student Awards for college are offered for valedictorian at $500 or at $250/student for qualifying students who are on the Honor Roll for all four quarters, paid after graduation. Amounts are budgeted at higher amounts in 2010/11 and 2011/12, as compared to 2012/13, because the awards were earned by students over the past three years.

24. Other expenses consists of depreciation.

25. Total expenses are projected to decrease by $82K in 2010/11, a 12% decrease as compared to 2009/10. The savings is comprised primarily of savings in rent ($27K), contract teaching staff/consultants/payroll expenses ($60K), penalties/interest ($40K), and late fees/bank charges ($11K). These savings are offset by increased costs of $56K for building improvements at the new facility. As discussed in Note 9 above, the school is continuing the reduction of payroll costs during the 2011/12 and 2012/13 school years. Also, as discussed in Note 13 above rent expense will continue to be reduced to amounts lower than expenses were prior to 2009/10 ($180-185K per year).

26. Various expenses in 2011/12 and 2012/13 assume a 2% inflation rate over 2010/11. Student Activities and Food Service revenues and expenses assume a percentage increase approximately equal to the projected ADM growth rate over those years.

27. Decrease in Net Assets of $16,966 for 2010/11 is due to a projected 6/30/11 "EduJobs" reduction in Additional Assistance which is approx. $16K more than originally anticipated. The amount used in the calculation is the amount published by ADE as of May 13 ($22K). As of May 13, ADE has prepared a revision to the reduction amounts, and the calculations are under management review, but have not yet been distributed to LEAs. It is anticipated that the reduction will be less than the amount originally published on 4/27. In addition, the school is expecting Equalization to eventually be paid based on 71 students, versus 69.487 currently in aggregation. The school expects the higher ADM to be reflected in the June payment, after the May aggregation is complete. Both of these factors will likely result in a <u>net increase</u> for 2010/11, versus the net decrease as currently projected on the Renewal.

28. Negative net assets at 6/30/10 included liabilities totaling $779K. Based on the Reorganization Plan as currently proposed, unsecured non-priority liabilities totaling approximately $551K will be discharged in Chapter 11 and will thus be written off, and approximately $29K will be paid under the Plan. Also, as noted above in note #22, $156K of priority claim liabilities (i.e., taxes) will be paid in full under the Reorganization Plan.

29. Purchased Services includes accounting/business services, non-instructional office staff and security services.