Global Renaissance Academy of Distinguished Education, Inc.
dba Grand Canyon Preparatory Academy
Detailed Business Plan
Financial Sustainability - Part B

Current Financial Situation –

Global Renaissance Academy (Grand Canyon Prep) is currently in the process of a Chapter 11 Reorganization. The petition was filed on April 30, 2010, and the Disclosure Statement and Plan of Reorganization were filed on December 28, 2010. A hearing has been scheduled by the U.S. Trustee's Office on May 18, 2011, and it is expected by the school's attorney that the Court will approve the Plan within 30 days of the hearing date. Payments under the Plan would then begin in July of 2011 and would be paid over a six-year period *(see Exhibit 1 - copy of Chapter 11 Bankruptcy Disclosure Statement and Reorganization Plan).*

Steps Already Taken by the School –

As has been communicated to the Charter Board, and as discussed in the Chapter 11 Disclosure Statement, the primary contributing factors to the school's current financial situation are as follows:

- Very high building lease costs in previous facility
- Poor location/visibility of previous facility
- Economic downturn beginning in 2007

In response to these factors, the school has already taken significant steps to improve our financial condition:

- Moved to a new facility beginning in 2010/11 - this facility offers much better visibility, which has already translated into increased parent/student interest (69 ADM in 2010/11, versus 51 ADM in 2009/10), as well as traffic at open houses for the 2011/12 school year. Enrollment projections for 2011/12 and 2012/13 per Part A of the Financial Sustainability section are conservative, but the school is hopeful that these enrollment projections can be exceeded, based on the current level of interest. The school has also retained the services of a part-time marketing consultant to assist with increasing school enrollment. (*As evidence, see Exhibit 2 – copy of new building lease; Exhibit 3 – list of all enrollment inquiries for 2011/12, totaling approximately 60 thus far; and Exhibit 4 – copy of agreement with marketing consultant).*
- Decreased overall lease costs – as noted in Note 13 on Part A of the Financial Sustainability section, the lease costs will be significantly lower in 2010/11 and going forward, as compared to costs at the prior facility (approximate one-third decrease in lease costs). *(As evidence, see Exhibit 5 – copy of excerpt from 2008/09 audit report detailing rent expense for the year).*
- Reduced payroll-related expenses – beginning in 2010/11, the school has contracted with a leasing firm to lease its teachers and is thus no longer responsible for retirement contributions. In addition, the school has significantly reduced the number of other contract teachers/consultants, and plans to further reduce payroll costs by 1 FTE teacher in 2011/12. *(As evidence, see Exhibit 6 - copy of employee leasing contract with DHR; and Exhibit 7 – copy of 2011/12 Master Schedule).*
- Entered into provisional contract with a business services provider – the school is in the process of contracting with EdVantage Partners for Business Services, beginning in 2011/12. This contract must first be approved by the Bankruptcy Court but is expected to be approved. Under this contract, the school will be able to better manage its cash flow and to increase compliance with the Charter contract. *(As evidence, see Exhibit 8 - copy of proposed 2011/12 contract with EdVantage Partners).*