B.3.2 Contracted Services

Oversight for all contracted services – including legal, financial, special education – will be the responsibility of the Leman Academy of Excellence Principal. The Governing Board will be kept abreast of contracted services through the course of regular meetings, discussions of school policy, the budget process and annual audits. The current identified needs for specialized support includes:

- **Accounting Services –** audit preparations, general ledger review, monthly financial statements, cash flow review and projections, and internal controls.
- **Audit Services –** Beginning in year two, an auditor will be hired to review the previous year's books.
- **Information Technology** – establishing and maintaining information technology systems, corresponding hardware and software, networking, communications and internet.
- **Janitorial Services –** cleaning the Leman Academy of Excellence building and grounds.
- **Landscape Services –** maintenance of the LAE grounds.
- **Legal Services –** filings required to maintain 501(c) (3) status, and compliance with relevant local, state and federal regulations.
- **Marketing –** develop and execute LAE's marketing plan
- **Payroll and Human Resources –** administer pay roll, benefit plan administration, and new employee processing (finger printing, drug testing, etc…).
- **Special Education –** when requires evaluations, speech therapy, physical therapy, occupational therapy, psychological evaluations and IEP support will be outsourced.

Leman academy of Excellence will maintain the following benchmarks of standards when contracting for services and assessing prospective service providers:

- Experience with charter schools
- Finger print clearance cards for any service provider who will be around students / on campus regularly
- Understanding of LAE's mission and principals
- Positive referrals from other clients
- Cost projections and affordability
- Recognized leader in the vendor's respective field of expertise
- Required certifications, if applicable

Identified Service Providers & Associated Costs

Accounting Services – LAE has been in touch with Steve Comella, CPA regarding accounting services. Mr. Comella is a seasoned professional with an independent practice in Tucson, AZ. Mr. Comella will assist with audit preparations, general ledger

review, monthly financial statements, cash flow review and projections, and internal controls. Mr. Comella has provided non-profit pricing for LAE.

Year one: $2,500. Year two: $2,625. Year three: $2,750.

Auditor – LAE has been in touch with Ludwig Klewer & CO, PLLC regarding audit services and IRS preparations / filings. Ludwig Klewer & CO is a locally owned, full-service accounting firm and is a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants, which requires participation in its peer review program. As a result, Ludwig Klewer is regularly reviewed to ensure quality control systems are in place over their accounting and auditing practices.

LAE will conduct its first audit in year two – once a full year has closed and is ready for review. The amounts budgeted are: Year One - $10,000, and Year two - $12,000. These totals are not included in the chart below on page 5, as auditing services has its own line item in the budget separate from contracted services.

Year one: $7,000. Year two: $7,125. Year three: $7,250.

Information Technology – LAE has been in touch with Jeff Coleman from Resource Strategy, Inc (RSI). RSI was founded in 1993 and is a leading IT consulting firm that provides comprehensive networking and communications applications and services for small- and medium-sized companies and their remote offices. RSI delivers and integrates products for local area network (LAN) and global wide area network (WAN) circuits, managed firewall services, managed network services and Internet access and hosting. The company's mission is to "take the pain of IT away by getting the job done in a timely manner and making sure the systems work right - the first time they come online." Mr. Coleman is excited about supporting LAE. A budget of $300 per month has been allocated for each year of operation. Additionally, RSI and Mr. Coleman will be supporting the school in the months leading up to the school's opening. The start-up budget reflects a $1,500 investment in establishing communication systems, software and networking in advance of the first day of school.

Year one: $3,600. Year two: $3,600. Year three: $3,600

RSI is providing the technology support that LAE will need to ensure systems and software work properly. The infrastructure of technology – Internet lines and access in classrooms, for example – will be built into the facility during construction and the cost for that will be part of the build-out. Additionally, the hardware – such as computers, servers and printers – will be purchased as part of the financing package with Larson Financial Group. The figures noted above do not provide for equipment.

Janitorial Services – Jan-Co Janitorial was founded in 1987 and currently has 50 employees. Jan-Co has received several awards and recognition for their outstanding work and customer service including "Service Firm of the Year –2003" by the Small Business Minority Council, and "Top Ten Janitorial Company" by the Inside Tucson

Business newspaper. Owner Fernando Gonzales has been contacted regarding LAE's janitorial needs. LAE Board Chair, Joe Higgins, is a customer of Jan-Co Janitorial; the company manages the cleaning services in his commercial office space. Mr. Higgins is familiar with the fees charged by Jan-Co and assisted in estimating the figures for the budget.

Year two and three represent significant growth in the school population and the facility; this growth correlates with cleaning requirements. To account for this, the budget increases from year to year and then levels off at year three.

Year one: $12,000. Year two: $13,500. Year three: $14,500

Landscaping – as part of the overall marketing and promotion of LAE, requires that the school look clean, tidy and well cared for. The exterior of LAE's home is likely going to be a prospective parents first impression and there is a deep awareness that aesthetics plays a significant role in this first impression. A vendor that has come highly recommended to LAE is Ventana Landscaping LLC. The company provides the following services general maintenance, renovations, new landscaping, landscape design, problem solving, irrigation repair & new installation, one time cleanups, brick walkways & driveways, tree trimming and any type of plant removal. $500 per month has been allocated for landscaping for each year of the three-year operational budget.

Year one: $6,000. Year two: $6,000. Year three: $6,000.

Legal Services – The school's requirement for legal support will be elevated in the start-up year and first operational year. The application process for establishing the school's 501(c)(3) status has already begun and the expenses associated with this ($2,500) are included in the start up budget. In year one of the operational budget, ten hours of legal support has been accounted for, as it is believed that this year holds the potential to bring issue to light that may not have previously been encountered. In year two, the number of hours decreases to seven and in year three and beyond it is believed that only five hours of legal support will be required. LAE is currently using the services of Thompson Krone, P.L.C.

Russell Krone and Evan Thompson formed Thompson Krone, P.L.C. in 2004. With offices in Phoenix and Tucson, the firm regularly engages in projects throughout the State of Arizona. Its clients include, large public corporations, local community and business leaders, small businesses, professionals, start-ups, real estate developers, contractors and other entrepreneurs. Thompson Krone's non-profit rate is $250.

Year one: $2,500. Year two: $1,750. Year three: $1,250.

Marketing - LAE will contract with Tagline Media Group of Tucson to place all their media. Tagline works exclusively with local businesses and had extensive experience is buying advertising and targeting marketing programs using the latest market research and first hand experience in the Southern Arizona market. Tagline builds their fees into the

marketing plan; thus in year one $20,000 is allocated for Marketing & Advertising and the fee to Tagline (10%) is built into that amount. Tagline Media Group has been included in this section as a recognized service provider, however no fees associated with Tagline will be included in the Contracted Services line item.

Payroll and HR Support – LAE has been in touch with Focus HR, an award-winning Tucson, AZ business that has been supporting companies with human resource administration, risk management, workers compensation, benefits and benefits administration since 2000. This company quoted LAE $25 per employee per month; Mr. Higgens, LAE Board Chair, received this quote via email from Katie Grogan with Focus HR on May 5, 2014.
For the first three years, $25 per employee per month correlates to the following expenses in the three-year operating budget:

Year One:	$9,600	(32 employees x $25 x 12 months)
Year Two:	$13,800	(46 employees x $25 x 12 months)
Year Three:	$17,700	(59 employees x $25 x 12 months)

Special Education – Enhancing Education, Tucson AZ Educational Services and Tutoring is a non-profit corporation that LAE is working with for special education contracted services. Judy Sanford, President, is the LAE contact and has provided guidance in budgeting for special education services. Dennis O'Reilly spoke with Ms. Sanford by phone on May 19th and gathered the information presented below, which accounts for LAE's budging estimates for Special Education Services.

Ms. Sanford provided the following breakdown of services that LAE can expect the special education population will require: 10% speech therapy, 5% vision therapy, 5%-7% Educational Therapy, 40% tutoring. Enhancing Education also provides diagnostic testing, tutoring in small groups, and one on one skills training (study skills, organizational skills). The fee charged by Enhancing Education is $40.00 per forty-five minute session.

In an effort to be well prepared for the variety of special education needs that LAE may encounter, $600 per student (fifteen sessions) has been budgeted for 12.5% of the student population. 12.5% represents a middle ground between the 10% (the averagr percentage accounted for by charter schools in Arizona for Special Education) and 15% (the average percentage of special needs students in LAE's target population).

The 12.5% is calculated from our targeted goal enrollment, not the lower conservative enrollment projections. Additionally, Ms. Sanford noted that in her experience it is typical that 25% of special needs scholars will no longer require services within the first six months because they have caught up and no longer require assistance while the other 75% continue on throughout the school year. To remain conservative in estimating the expense for special education, this potential savings was not included in the calculations below.

In the first three years of operation, special education services will be outsourced. In year four, the projected expense for contracted special education services is greater than hiring a staff member dedicated to providing special education services at LAE. The charts on the following page present 1) the calculations for special education services in years one through four to demonstrate the benefit of hiring a Special Education staff member in year four and 2) a detailed breakdown of special needs expenditures based on the percentages provide by Ms. Sanford.

Leman Academy of Excellence Estimated Expenses for Special Education Contracted Services Years One – Four				
Year	**Enrollment Goal**	**Special Needs Population (12.5%)**	**Cost Per Student**	**Total for Special Education Contracted Services**
One	415	52	$600	$31,200
Two	593	74	$600	$44,400
Three	775	97	$600	$58,200
Four	1009	125	$600	$75,000

Leman Academy of Excellence Break Down of Special Education Spending Years One – Three					
Total for Special Education Contracted Services	**Speech 10%**	**Vision 5%**	**Educational Therapy 6%**	**Tutoring 40%**	**Diagnostic Testing 39%**
Year One: $31,200	**$3,120**	**$1,560**	**$1,872**	**$12,480**	**$12,168**
Year Two: $44,400	**$4,440**	**$2,220**	**$2,664**	**$17,760**	**$17,316**
Year Three: $58,200	**$5,820**	**$2,910**	**$3,492**	**$23,280**	**$22,698**

Total Costs for Contracted Services

The costs noted in the above section have been summarized in the chart below and each number correlates with the three-year operating budget.

Contracted Services for Leman Academy of Excellence Summary of Expenses			
Service	**Year One**	**Year Two**	**Year Three**
Accounting	$2,500	$2,626	$2,750
Information Technology	$3,600	$3,600	$3,600
Janitorial Services	$12,000	$13,500	$14,500
Payroll & Human Resources	$9,600	$13,800	$17,700
Landscaping Services	$6,000	$6,000	$6,000
Legal Services	$2,500	$1,750	$1,250
Special Education	$31,200	$44,400	$58,200
TOTALS	**$67,400**	**$85,676**	**$104,000**