Required Exhibits

- Three Year Operational Budget Form
  - MS Excel file is enclosed.
- Projected Revenue Calculator for Years 1, 2, & 3
  - MS Excel file "Projected Revenue Calculator" for Years 1, 2 & 3 is enclosed;

Three Year Operational Budget Assumptions

REVENUE:

- Pieceful Solutions Charter School will start operations serving 120 students in the entire K-5 grade span. Funding from Arizona Department of Education (Arizona State Equalization Assistance) is based on enrollment projections and student count/ADM used for revenue projections, as follows:

Pieceful Solutions Charter School – Enrollment Plan								
Grade	KG	1th	2th	3th	4th	5th	Total	
	Number of Students						Number	ADM
Year 1	20	20	20	20	20	20	120	110
Year 2	20	20	20	20	20	20	120	110
Year 3	20	20	20	20	20	20	120	110

- Pieceful Solutions Charter School based its revenue estimate on the work sheet template for the calculation of equalization funds for Years 1-3, as provided in the Projected Revenue Calculator of the New Charter Application package by ASBCS for the cycle 2014-2015.

- Equalization funds are calculated based on a standard calendar year (180 days) and with projection that the entire student enrollment (100%) will consist of students with autism, which is reflected in the respective Add-On in the Work Sheets. This projection is based on the fact that the school will be specialized to fill a special niche, and the 5-year experience of the private operation, where 100% of the enrolment constitutes students with autism.

- Equalization funds are calculated assuming 100% of the projected school enrollment. Upon assessing the professional capacity and skills, marketing studies, and expressed interest in the services of Pieceful Solutions Charter School, the founders are confident that they will reach the targeted enrollment, based on the following factors:
  - The private program of the school has already generated a very strong demand in the entire Metro Phoenix. Some families have stated that they intend to move to the East Valley from as far as Yuma to accommodate the education of their children with autism.
  - Enrollment estimates are based on careful research and study of the target market population in the Metro Phoenix area with consideration of school demographics, social characteristics and trends, and students with autism enrollment trends.
  - Pieceful Solutions Charter School is designed to be a small school - 120 students at full capacity and highly specialized and individualized program of instruction in a quality facility conducive to carry out the program of instruction.

- The projected revenues of Pieceful Solutions Charter School are viable, adequate, conservative projections because:
  - The budget is conservative in its revenue base – it assumes Add-Ons for autism and no increase in base and/or any other additional level support, as well as no Proposition 301 funds, all of which will likely be available to the school.
  - Federal funding sources will be sought to supplement the school programs, but they are not included in this budget projection. Based on the demographic projections and the target population to be serviced (children with autism), the school will likely be eligible to receive additional federal support under IDEA, Title I, Title II and other title funds.
  - The school is also planning to pursue competitive grant funds from government and private sources, various tax credit funding, and private donations. Those additional funds would be intended to further enhance and upgrade the program of instruction and continually improve the overall school performance.

Administration, Instruction, & Support (AIS) EXPENDITURES

Salaries:

- The Pieceful Solutions Charter School's instructional and non-instructional personnel and the respective FTE for the different positions are projected as follows:

Pieceful Solutions Charter School - Staffing Plan						
Year/Student Enrollment	Year 1/120		Year 2/120		Year 3/120	
	Grades:K-5		Grades:K-5		Grades:K-5	
	Number	FTE	Number	FTE	Number	FTE
Instructional Personnel						
Classroom Teachers	9	9.0	9	9.0	9	9.0
Instructional Assistants	27	27.0	27	27.0	27	27.0
Speech and Language Therapist	1	1.0	1	1.0	1	1.0
Speech and Language Assistant	1	1.0	1	1.0	1	1.0
Occupational Therapist	1	contract	1	contract	1	contract
Karate Instructor	1	contract	1	contract	1	contract
Music Therapist	1	contract	1	contract	1	contract
Yoga Instructor	1	contract	1	contract	1	contract
Chef	1	contract	1	contract	1	contract
Administrative Personnel						
Director	1	1.0	1	1.0	1	1.0
Assistant Director	1	1.0	1	1.0	1	1.0
Business Manager	1	1.0	1	1.0	1	1.0
Administrative Assistant/Registrar	1	1.0	1	1.0	1	1.0
TOTAL:	47	42.0	47	42.0	47	42.0

- The starting salary of the Director is based on a 1.0 FTE administrative position and starts at $85,000 in Year 1-3 (12% required employer contributions is added on).

- The starting salary of the Assistant Director is based on a 1.0 FTE administrative position and starts at $60,000 in Year 1-3 (12% required employer contributions is added on).

- The starting salary of the Business Manager is based on a 1.0 FTE administrative position and starts at $70,000 in Year 1-3 (12% required employer contributions is added on).

- The starting salary of the Administrative Assistant / Registrar is based on a 1.0 FTE administrative position and starts at $40,000 in Year 1-3 (12% required employer contributions is added on).

- Starting salaries for the Classroom Teachers (9.0 FTE for all three years), are estimated to start at $45,000 in Year 1-3 (12% required employer contributions is added on).

- The starting salary of the Speech and Language Therapist is based on a 1.0 FTE position and starts at $78,000 in Year 1-3 (12% required employer contributions is added on).

- The starting salary of the Speech and Language Assistant is based on a 1.0 FTE position and starts at $30,000 in Year 1-3 (12% required employer contributions is added on).

- The compensation of the Instructional Assistants (27.0 FTE basis) is estimated at $20,000 per year for Year 1-3 (12% required employer contributions is added on).

- No annual adjustment increase of the salary is projected unless the Base Level of the State Equalization Funding increases.

- The salary expenses are viable and adequate as they reflect above the average compensations for the state of Arizona for both instructional and management personnel. Such approach is intended to provide incentives for an adequate pool of quality applicants for each position, but also ensure that costs are within manageable limits.

- The Occupational Therapist, Karate Instructor, Music Therapist, Yoga Instructor and Chef are contracted positions. The services will be contracted for approximately 10 hours a week for 36 weeks and $40 per hour, as the special skills curriculum and instruction requires. Costs for these serves are included in the Contacted Services (AIS) line item in the Three-Year Operational Budget.

Employee Benefits:

- Employee Related Expenses (ERE) – Pieceful Solutions Charter School will provide for the mandatory ERE, which are calculated at 12% of the salary. They include payroll taxes, state unemployment and worker's compensation broken down as FICA (7.65%), SUTA/FUTA (1%), Retirement (2%), and Worker's Compensation (1.35%).

- Health Insurance and Retirement Benefits - *Health Insurance* - Pieceful Solutions Charter School will offer a health insurance plan through JPET. Cost is $400 per month and the school will pay 50% of those costs for employees; *Retirement Benefits* – The school will consider a 401(k) plan with a matching amount if employees wish to participate. The estimated cost to the school at start-up is approximately 6% matching contribution from the salary base.

- The employee benefits package, that is in addition to the employer required contributions, is viable and adequate as it reflects a reasonably attractive coverage for perspective employees, gravitating toward the average in the charter school sector of Arizona, but also ensures that costs are within the manageable limits for charter school operations.

Employee Insurance (if applicable):

- N/A, included in previous line item.

Office Supplies:

- Use of office supplies, include paper, postage, pencils, etc., as follows:
  - $7,500 in Year 1;
  - $7,500 in Year 2;
  - $7,500 in Year 3.

- The sources of information to justify the budgeted amounts are based on prices from Office Max and Staples. They are deemed viable and adequate to cover the office needs.

Instructional Consumables:

- The school is projecting additional $100 per student for instructional consumables. Furthermore, Pieceful Solutions Charter School will conduct a one-week intensive training prior to the beginning of each school year that will cover the different levels of the autism spectrum - the cost of such training will include also expenditures for materials and consumables. The expenditures are as follows:
  - $12,000 in Year 1;
  - $12,000 in Year 2;
  - $12,000 in Year 3.

- The sources of information to justify the budgeted amounts are based on the needs assessment related to instructional consumables and the respective prices at Office Max and Staples. The estimate is based on the specific needs of students with autism and a study of the list of requested instructional consumables by the teachers. It reflects the anticipated student enrolment and re-use of some materials. This expenditure is deemed viable and adequate to cover all needs.

Membership Dues, Registration, and Travel:

- Membership fees for ACSA. Cost for local area travel for professional development. Total annual expenses will be:
  - $6,000 in Year 1;
  - $6,000 in Year 2;
  - $6,000 in Year 3.

- The Membership Dues, Registration, and Travel cost estimates in this budget are viable and adequate – they are based on quotes from ACSA and typical costs associated with attending specialized events and local travel.

Contacted Services (AIS):

- Contracted services (AIS) are estimated at:
  - $193,100 in Year 1;
  - $193,100 in Year 2;
  - $193,100 in Year 3.

The estimate includes the following types of purchased services:

$60,000 – occupational therapy services
$14,400 – Karate Instruction
$14,400 – Yoga Therapy
$14,400 – Music Therapy
$14,400 – Chef
$10,500 – Professional Development
$30,000 – Strategic Business Planning
$35,000 - Management Support

- The sources of information that justify the cost structure of this line item include: quotes from ETP, LLC, Singapore Math; Lindamod Bell; and service provider quotes – occupational therapist, karate instructor, yoga therapist, music therapist, chef). This estimate is adequate and viable because the school has budgeted sufficient amounts for annual updates of the curriculum materials, as well as sufficient coverage for its outside service needs.

Contracted Services (Special Education):

It is estimated that the average cost per student related to outside services in special education will be $3,000. Those services will cover all evaluations and outside services required under the students' IEPs.

- The following annual amounts are projected:
  - $360,000 is budgeted for special education for outside services in Year 1;
  - $360,000 is budgeted for special education for outside services in Year 2;
  - $360,000 is budgeted for special education for outside services in Year 3;

- The estimate is adequate and viable because it is based:

a) On the personal experience of Kami Cothrun from the private operation working with providers of outside special education services and servicing autistic students;
b) Data from the vendors of the existing private program;
b) The projected number of students to be served at Pieceful Solutions Charter School.
The sources of information that justify the cost structure of this line item include quotes from the various service providers.

Curriculum and Resource Materials:

- Pieceful Solutions Charter School will expend $200 per student for curriculum for each of the first three years of operations. Estimates are based on actual vendor quotes from the list of the existing private operation, which utilizes the same program of instruction. The projected annual school expenditures are as follows:
  - $24,000 in Year 1;
  - $24,000 in Year 2;
  - $24,000 in Year 3.

- This estimate is adequate and viable because: it is based on the current experience of the private operation, which utilizes the same program of instruction.

Library Resources / Software:

- The following amounts are budgeted for the purchase of various assistive resources and software products during the first three years:
  - $16,000 in Year 1;
  - $16,000 in Year 2;
  - $16,000 in Year 3.

- This estimate is adequate and viable - it is based on the current experience of the existing private program, which utilizes the same program of instruction. It also accounts for the projected student enrollment at Pieceful Solutions Charter School.

SAIS Software:

- The student accountability information software (SAIS) will be SchoolMaster. It will be purchased during the Start-Up Period ($6,500 from the Start-Up Budget). In Year 1 an additional $1,500 are budgeted toward SAIS software in the event any changes are required. For each consecutive year the school will expend funds toward SAIS for updates, upgrades and training, as follows:
  - $1,500 in Year 1 (in addition to the $6,500 during the Start-Up Period);
  - $7,000 in Year 2;
  - $7,000 in Year 3.

- Source of information: Quote from SchoolMaster.

Auditor's Fees:

- As a recipient of public funding, Pieceful Solutions Charter School will be required to provide annual audits for each year of operations. The school has reviewed several service providers (auditors) approved by the ASBCS, including: Anthony Lorenzo, Joel Huber and others from the approved list. The following amounts are budgeted for the first three years, in consideration of quotes obtained:
  - $8,000 in Year 1;
  - $8.000 in Year 2;
  - $8,000 in Year 3.

<u>Operations & Maintenance (O&M) EXPENDITURES</u>:

Supplies:

- The estimate for office supplies includes various consumables such as paper, pencils, toner, stationary, etc. The estimates are based on the specific needs of the school and the number of students served:
  - Year 1 - $10,000;
  - Year 2 - $10,000;
  - Year 3 - $10,000;

- The sources of information to justify the budgeted amounts are based on prices from Office Max and Staples. They are deemed viable and adequate to cover the office supply needs.

Marketing/Advertising:

- Each year Pieceful Solutions Charter School will carry out a marketing and advertising campaign with a main targeted outcome - enrollment of 120 students (full capacity of school) and maintaining a waiting list of about 20 students. The funds budgeted for Year 1 will complement the campaign and efforts from the Start-Up Period. The annual expenditures for Marketing and Advertising are as follows:
    - Year 1 - $10,000 (in addition to the $7,700 during the Start-Up Period);
    - Year 2 - $10,000;
    - Year 3 - $10,000;

- Many marketing and promotional activities, which are already in the works and produce great results, will not have a monetary expression and requirement, such as:
    - communication to district and charter schools and non-profit organizations involved with autism on the opening of the school and availability of the program;
    - PR with media - the Pieceful Solutions' Life Skills Program, such as "Cooking With Chef W"- has garnered the attention of the local news media. Channel 12 and Fox 10 News had each featured stories on the program. Pieceful Solutions Charter School will continue to strengthen its presence and ties with the local news media by being an exemplary education program of the highest quality;
    - word of mouth advertising;
    - collaborative marketing with realtors, business offices, etc.;
    - joint initiatives and events with community organizations, etc.

- Other marketing activities will require cash outlays, the effectiveness of which have been researched by the school founders together with a consultant, Education Team Partners, and proven to be adequate and viable, as the summary of compiled findings indicates below:

    - Fees for table/booth at major events – based on prior experience, the average fee is $500 and the school projects to participate in at least three such major events ($1,500);
    - Costs for brochures – based on prior experience – a box of 500 printed brochures runs approx. for $150;
    - Promotional materials – pens ($100), business cards ($100). Pieceful Solutions Charter School will use Bended Knee Design for the design and printing of brochures and promotional materials;
    - Commercials on local TV and radio media - Channel 8 PBS and KTR. The costs for the commercials are based on prior experience - $1,200 to advertise on Channel 8 PBS and $3,000 on KTR.
    - Website Development: $1,000 to set up + $250 to register with search engines;
    - Social media advertising (vendor services) - $550;
    - Two school banners (from Sign-A-Rama) to be displayed on the school fence facing Warner Rd - $250.

- The marketing and advertising campaign is deemed adequate and viable. The sources of information and quotes for the above marketing/advertising estimates are from PBS, KTR, Sign-A-Rama, Vista Print, Kinko and others.

Contracted Services - O&M:

- Pieceful Solutions Charter School considers outsourcing the services in the following areas: janitorial services; legal services and accounting/CPA services . The funds necessary to cover those activities are estimated, as follows:
  - Year 1 - $25,000; ($8,000 – janitorial; $12,000-legal; $5,000-accounting/CPA)
  - Year 2 - $18,000; ($8,000 – janitorial; $5,000-legal; $5,000-accounting/CPA)
  - Year 3 - $18,000. ($8,000 – janitorial; $5,000-legal; $5,000-accounting/CPA)

- This estimate is adequate and viable because it is based on: the needs assessment study of the school's founders; various vendor quotes (J&J Janitor Services, LLC, Jennings Stross & Salmon, P.L.C, etc.).

Building Rent/Lease/Loan:

- Pieceful Solutions Charter Schools, Inc. has already secured a specialized charter school facility in Chandler, Arizona and signed a 4-year lease agreement. The school campus is located at 550 West Warner Road, Chandler, Arizona. The facility has all applicable licenses and permits to operate as a public charter school, including certificate of occupancy and up-to-date clean fire marshal report. No additional actions and expenditures related to bringing the facility up to code are required.

- The net monthly rent for the facility for Year 1 of the lease is $12,500 per month, plus sales (1.5%), transaction privilege (0.5%), and property taxes (approx. $1,300 per year). There will be an annual 3% increase of the net rent amount to adjust for inflation. The total built-in space is 11,700 SF. Based on the already signed lease agreement the annual gross rent amounts are projected as follows:
  - Year 1 - $159,148;
  - Year 2 - $163,922;
  - Year 3 - $168,840;

Building Improvements:

- Pieceful Solutions Charter School will enter into a facility, specially remodeled to operate as a charter school. Most recently the landlord invested over $120,000 into updates and upgrades in the building. The founders of Pieceful Solutions Charter School have invested an additional $30,000 into building improvements and beautification of the facility.

- Additional annual building improvements, updates and upgrades during the first three years will further enhance the program of instruction and the image of the school. Those improvements will include adding new features to components of the building, such as: audio technology and karate/yoga equipment in the multipurpose room; enhancements of the patio areas and installation of misters to provide cooler environment in the shaded areas; improvements of the outside lightings (estimates from Karsten Electrical); upgrades in the block fence and gates (estimates from Mesa Reliable Construction), etc. The estimates and quotes have been obtained from contractors, construction, and interior design firms, with total aggregate annual numbers, as follows:
  - Year 1 - $45,000;
  - Year 2 - $45,000;
  - Year 3 - $45,000;

Land and Improvements:

Pieceful Solutions Charter School will utilize a facility for its program of instruction that has been specially remodeled to operate as a charter school, and specifically – to serve children with autism. (1) adding more landscaping features, which would provide better quality outside instructional activities and separate areas in the school yard, so that different groups can have different activities without interfering with each other (quotes from Greenkeeper);
(2) resurfacing of the parking lot (quotes from Cactus Asphalt and Paving) as an improved convenience and safety feature.
(3) painting with the Pieceful Solutions color and murals on the block wall to reflect various activities of the educational program

- The estimates and quotes have been provided by contractors, construction, and landscape design firms, with total aggregate annual numbers, as follows:
  - Year 1 - $35,000;
  - Year 2 - $35,000;
  - Year 3 - $35,000;

Fees / Permits:

- The facility of Pieceful Solutions Charter School has valid permits, licenses, and certificates related to operating a charter school. The school has budgeted funds projected to be used toward renewing various fees/permits (City, County, and State) as follows:
  - Year 1 - $550;
  - Year 2 - $550;
  - Year 3 - $550;

- This estimate is adequate and viable because it is based on vendor quotes for various services, such as back flow testing, fire alarm updates, etc. (Metro Fire & Equipment, National Fire & Alarm).

Property/Casualty Insurance:

- The facility of Pieceful Solutions Charter School has a sufficient insurance coverage against any damages. Pursuant to A.R.S.15-183 M the property and casualty insurance policy provides adequate coverage on liability and property loss. The policy is held by the landlord and the school will cover the cost as part of the triple-net lease agreement. The landlord has been working with The Arizona Group, an insurance agent firm considered one of the most efficient and experienced in working with charter schools. The projected expenditures for annual premiums are as follows:
  - Year 1 - $3,250;
  - Year 2 - $3,250;
  - Year 3 - $3,250.

Liability Insurance:

- Pieceful Solutions Charter School will maintain its own liability insurance policy and coverage pursuant to A.R.S.15-183 M, which will also include coverage for the governing body of the school. Cost estimate is based on quotes from The Arizona Group (Mesa, Arizona):
  - Year 1 - $12,000;
  - Year 2 - $12,000;
  - Year 3 - $12,000.

Utilities (Electric, Gas, Water, Waste):

- Electric, water and waste costs are estimated on the basis of recent bills provided by the landlord:
  - Year 1 - $13,120;
  - Year 2 - $13,120;
  - Year 3 - $13,120.

- Those utility projections are adequate and viable, as they reflect actual and recent utility costs for the building from the following vendors: SRP, Waste Management, City of Chandler. The estimate is conservative since the newly-installed and completely renewed energy-efficient HVAC system and internal electric and climate control system has already substantially reduced the electricity consumption.

Phone/Communications/Internet:

- The costs for phone/communications/Internet connectivity are projected on the basis of quotes from Century Link Communications, which include a main dedicated line for fire alarm, secondary line for fire alarm that can also be used for regular school communications and high speed DSL connectivity. In Year 2 the phone system is projected to be upgraded and a fractional T1 line installed. The following projected cost structure is based on quotes from Century Link:
  - Year 1 - $3,804;
  - Year 2 - $7,500;
  - Year 3 - $7,500.

Transportation:

- Pieceful Solutions Charter School will purchase transportation services and contract a transportation company that has vehicles and equipment, as well as specially-trained personnel (drivers) to provide services to children with special needs. The estimated annual cost for such services is:
  - Year 1 - $120,000;
  - Year 2 - $120,000;
  - Year 3 - $120,000.

- This estimate is adequate and viable because it is based on previous research of the private program for specialized transportation services. It also reflects the estimated need for transportation as a function of the projected student enrollment in the charter school.

Food Service:

- Pieceful Solutions Charter School intends to provide food service, which will be paid for in full by the parents. No expenditures from state equalization funding are projected.

Student Furniture and Other Equipment:

- The costs for student furniture and other equipment is based on $150 per student with annual updates and upgrades during Year 2 and Year 3:
  - Year 1 - $18,000;
  - Year 2 - $18,000;
  - Year 3 - $18,000.

- This estimate is adequate and viable because it is based on vendor quotes (Staples, Office Max, and University Surplus) and reflects the projected student count.

Office Furniture and Other Equipment:

- The costs for office furniture and other equipment are based on the projected needs (tables, chairs, desks, file cabinets, etc.):
  - Year 1 - $5,000;
  - Year 2 - $5,000;
  - Year 3 - $5,000.

- This estimate is adequate and viable because it is based on vendor quotes (Staples, Office Max, and University Surplus).

Student Technology Equipment:

- Pieceful Solutions Charter School intends to purchase student technology equipment that includes mainly desktop computers for student use. The estimate is based on a vendors' quote (Dell Computers, educational pricing quote and The IT Workshop) and includes a purchase each year of 20 student desktop computers @ $500 each, 5 smart boards @ $1,500 each, 20 alpha keyboard equipment and an additional $10,000 for various assistive technology hardware and applications. All hardware will be purchased with the respective software package and licensing:
  - Year 1 - $33,500;
  - Year 2 - $33,500;
  - Year 3 - $33,500;

- This projection is adequate and viable and based on need assessments made in the private program.

Office Technology Equipment:

- Pieceful Solutions Charter School intends to purchase office technology equipment that includes mainly desktop and laptop computers for employee use ($5,500) and a classroom video surveillance system ($15,000) to provide remote monitoring of each classroom by Year 3. The following annual costs are projected for each one of the first three years:
  - Year 1 - $20,500;
  - Year 2 - $20,500;
  - Year 3 - $20,500;

- The estimate is based on vendor quote (Dell Computers) video surveillance system prices.

Other Leases (Security, Copier, etc.):

- Pieceful Solutions Charter School will use commercial security and security video surveillance systems and lease hardware equipment where necessary. Several quotes from commercial vendors (SSMI Controls, ADT, and others) have been evaluated with average annual estimates, as follows:
    - Year 1 - $2,000;
    - Year 2 - $3,000;
    - Year 3 - $3,500;
    -
- This projection is adequate and viable based on the needs and competitive vendor quotes.

Loan Repayments:

- Pieceful Solutions, LLC has provided a loan in the amount of $22,000 toward the start-up operations of Pieceful Solutions Charter Schools, Inc. Repayment of that loan, including the interest (5% APR) is projected to be made during Year 1 of school operations. At this time no additional loans are projected to be taken. The annual costs to repay the start-up cost loan is as follows:
    - Year 1 - $23,100;
    - Year 2 - $0;
    - Year 3 - $0;