SECTION 11. START-UP BUDGET ASSUMPTIONS

AIM Higher College Prep Academy assumes that the start-up phase will run from February 1, 2015 to July 31, 2015.

Explanation of Revenues

1. Secured Funds – Other

- Assumes $130,000 grant from Espiritu Community Development Corporation which will be available for drawdown on February 1, 2015.

Explanation of Expenses

Administration, Instruction and Support (AIS) Expenditures

Salaries

2. School Leader

- Assumes the School Leader for AIM Higher College Prep Academy will be paid for service starting February 1, 2015 and will be paid $27,500 for six months based on a $55,000 annual salary. Total salary assumes 10% required employer contributions for a total of $30,250.

3. Clerical (Office Manager)

- Assumes the Receptionist/Registrar for AIM Higher College Prep Academy will be paid for service starting February 1, 2015 and will be paid $14,000 for six months based on a $28,000 annual salary. Total salary assumes 10% required employer contributions for a total of $15,400.

4. Employee Benefits

- AIM Higher College Prep Academy will only offer required benefits in the start-up year. All optional benefits (i.e. Retirement Plan, etc.) will begin August 1, 2015 and be paid with year one funds.

5. Employee Insurance

School Leader

- Assumes a cost of $1,726 for medical, dental, and vision insurance for School Leader, beginning February 1, 2015 for 6 months at $287 per employee per month. Cost is based on current individual rate for participation under Espiritu Community Development Corp's. health, dental, and vision insurance plan.

Clerical (Office Manager)

- Assumes a cost of $1,726 for medical, dental, and vision insurance for Registrar, beginning February 1, 2015 for 6 months at $287 per employee per month. Cost is based on current individual rate for participation under Espiritu Community Development Corp's. health, dental, and vision insurance plan.

6. Office Supplies

- Assumes $100 per month for supplies such as copy paper, staplers, pens, notebooks, etc. for planning purposes from February to July 2015. Total cost will be $600 for six months.

7. Instructional Consumables

- Assumes $1,000 for miscellaneous classroom supplies for teachers and their classrooms during the startup period; $1,080 for On-Core Math workbooks to supplement math instruction; and $3,780 for Common Core Coach workbooks to supplement reading and math instruction. Total cost is $5,860. This cost assumption was based on Espiritu CDC's recent purchases of consumable and workbook materials.

8. Membership Dues, Registrations, & Travel

- Assumes no cost for membership dues, registration, and travel during the start-up period.

9. Contracted Services (AIS)

- Assumes no AIS contracted services during the start-up period.

10. Contracted Services: Special Education

- Assumes no Special Education contracted services during the start-up period until school is in session.

11. Curriculum & Resource Materials

- Assumes a total cost of $9,000 for 150 Saxon Math textbooks; $9,000 for 150 History Textbooks to support the Classical Education Model; $3,000 for six Science kits. Total cost during start-up period is $21,000. This cost assumption was based on Espiritu CDC's recent purchases of curriculum materials.

12. Library Resources/Software

- Assumes a total cost of $1,200 to purchase internal assessment software from ATI (Galileo). This cost assumption was based on Espiritu CDC's recent renewal of service with ATI.

13. SAIS Software

- Assumes SAIS software (Schoolmaster) costs of $10,000 for housing and entering student data and reporting to SAIS for the 6 month start-up period. This is based upon the expense for Schoolmaster at Espiritu CDC.

Operations Maintenance(O&M) Expenditures

14. Supplies

- Assumes $780 in miscellaneous physical plant supplies to be purchased before July 31, 2015. Planning team will work at Espiritu Community Development Corp offices until facility is

acquired. This cost assumption was based on the office use for Espiritu CDC's monthly expense with Buckeye Cleaning Supplies.

15. Marketing/Advertising

- Assumes total student marketing materials at $6,015. ($1,125 for 15,000 fliers according to quote received by Four Lizard Printing Solution; $2,640 for direct mail of 10,000 fliers according to quote received by Republic Media; and $2,250 for Marketing Consultant who will assist in the procurement of free Radio, TV, and Newspaper advertising - cost will be split with Espiritu CDCand based on current consulting rate).

16. Contracted Services: O&M

- Assumes no Maintenance costs during the start-up period until school is in session.

17. Building Rent/Lease/Loan

- Assumes no Building Lease costs during the start-up period. Assumes lease will not begin until July 2015 and first month's payment will be deferred until August 2015.

18. Building and Improvements

- Assumes no Building and Improvement costs during the start-up period. Assumes any Building and Improvement costs will be negotiated to be included in lease payments.

19. Land Improvements

- Assumes no Land Improvement costs during the start-up period. Assumes any Land Improvement costs will be negotiated to be included in lease payments.

20. Fees/Permits

- Assumes $1,500 in permit fees to obtain Certificate of Occupancy (incl. city plan review, site visit, and permit issuance, etc.). This is based on previous expenses by Espiritu CDC for obtaining building C of O.

21. Property/Casualty Insurance

- Assumes $330 for six months during the start-up period beginning February 1, 2015. Cost based on a direct quote from Arizona Group.

22. Liability Insurance

- Assumes $4,000 for six months during the start-up period beginning February 1, 2015. Cost based on a direct quote from Arizona Group.

23. Utilities (Electric, Gas, Water, Waste)

- Assumes $380 per month for electricity and $120 per month for water for a minimum of 3 months for use of Espiritu facility. Total cost is $1,500. This cost assumption was based on

the office use for Espiritu CDC's monthly expense with SRP and City of Phoenix Water. Cost is prorated from the total bill based on square footage use.

24. Phone/Communications/Internet Connectivity

- Assumes $278 per month for a minimum of 3 months (depending on when planning team moves into acquired facility) for phone line, fax line, and internet connection. Total cost is $834. This cost assumption was based on Espiritu CDC's monthly contract expense with Cox Communications. Cost is prorated from the total bill based on number of phones and computers used.

25. Student Furniture & Equipment

- Assumes 54 student tables at $75 each plus total shipping and handling fees of $1,038; 150 student chairs at $18.99 each plus total shipping and handling fees of $180, and six classrooms outfitted with 4 white board panels at $120 per classroom including installation. Total cost is $8,838. Costs obtained from schoolfurniture4less.com for student tables; schooloutfitters.com for student chairs; and Lowe's for white board panels.

26. Office Furniture & Equipment

- Assumes 8 staff and teacher desks at $100 each; 8 office chairs at $30 each, 8 filing cabinets at $25 each; and 8 bookcases at $30 each. Total cost is $1,480. Costs obtained from Espiritu CDC from its purchases from the Arizona State Surplus.

27. Student Technology Equipment

- Assumes 50 desktop computers at $100 each; 25 computer tables at $75 each; and 50 Kindle Readers at $80 each. Total cost is $10,875. Costs obtained from Espiritu CDC from its purchases from the Arizona State Surplus and Amazon.com for Kindle Readers.

28. Office Technology Equipment

- Assumes 8 staff and teacher computers at $300 each. The total cost is $2,400. Costs obtained from Espiritu CDC from its purchases from the CDI Computer Dealers Inc.

29. Other Leases (Security, Copiers, etc.)

- Assumes $269 per month for one copier with scanning and faxing capabilities for a minimum of 3 months (depending on when planning team moves into acquired facility). Total cost is $807. This cost assumption was based on Espiritu CDC's monthly contract expense with IKON/Ricoh adjusted for number of copies needed per month.

	A	B	C	D	E	F
1						
2	**Applicant Name:__AIM Higher College Prep Academy_____**					
3						
4	*Provide Assumptions by Line*	**Inception to August 1 of Opening Year**				
5	**START-UP REVENUE**				**Total $**	Assumption #
6	Secured Funds - Private Donations					
7	Secured Funds - Loans					
8	Secured Funds - Other				$ 130,000	1
9	Total Start-up Revenue				$ 130,000	
10						
11	**Administration, Instruction, & Support (AIS) EXPENDITURES** (add lines as necessary)	**# of FTE Staff**	**@ Salary**	Required Employer Contributions per FTE	**Total $**	Assumption #
12	Salaries					
13	Director/Principal	1.00	$ 27,500	$ 2,750	$ 30,250	2
14	Teacher-Regular Education			$ -	$ -	
15	Teacher-Special Education			$ -	$ -	
16	Clerical	1.00	$ 14,000	$ 1,400	$ 15,400	3
17	Bookkeeper/Finance			$ -	$ -	
18	Custodial/Maintenance			$ -	$ -	
19	Other			$ -	$ -	
20	Employee Benefits				$ -	4
21	Employee Insurance (if providing)				$ 3,452	5
22	Office Supplies (Paper, Postage, etc.)				$ 600	6
23	Instructional Consumables				$ 5,860	7
24	Membership Dues, Registrations, & Travel				$ -	8
25	Contracted Services: AIS				$ -	9
26	Contracted Services: Special Education				$ -	10
27	Curriculum & Resource Materials				$ 21,000	11
28	Library Resources/Software				$ 1,200	12
29	SAIS Software				$ 10,000	13
30	Other				$ -	
31	***Total Administration, Instruction, & Support***				$ 87,762	

	A	B	C	D	E	F
32						
33	**Operations & Maintenance (O&M) EXPENDITURES** (add lines as necessary)				**Total $**	Assumption #
34	Supplies				$ 780	14
35	Marketing/Advertising				$ 6,015	15
36	Contracted Services: O&M				$ -	16
37	Building Rent/Lease/Loan				$ -	17
38	Building & Improvements				$ -	18
39	Land & Improvements				$ -	19
40	Fees/Permits				$ 1,500	20
41	Property/Casualty Insurance				$ 330	21
42	Liability Insurance				$ 4,000	22
43	Utilities (Electric, Gas, Water, Waste)				$ 1,500	23
44	Phone/Communications/Internet Connectivity				$ 834	24
45	Student Furniture & Equipment				$ 8,838	25
46	Office Furniture & Equipment				$ 1,480	26
47	Student Technology Equipment				$ 10,875	27
48	Office Technology Equipment				$ 2,400	28
49	Other Leases (Security, Copiers, etc.)				$ 807	29
50	Loan Repayment				$ -	
51	Other				$ -	
52	***Total Operations & Maintenance***				$ 39,359	
53	**Total Expenditures**				$ 127,121	
54						
55	**Total Start-up Revenues**				$ 130,000	
56						
57	**Budget Balance** (= Revenues - Expenditures)				$ 2,879	

SECTION 11. THREE YEAR OPERATIONAL BUDGET ASSUMPTIONS

AIM Higher College Prep Academy assumes that the three year operational budget phase will run from August 1, 2015 to June 30, 2018.

Explanation of Revenues

State equalization funding is based on 90% of enrollment targets as can be seen in the table below. State equalization funding is also based on the assumption that 9% of the student population has special needs and 7% of the student population will be classified as English Language Learners. This is similar to the population numbers that currently exist at NFL YET College Prep Academy which serves a population similar to that of the Target Population.

GRADE LEVEL	YEAR 1	YEAR 2	YEAR 3
7TH	75	75	75
8TH	75	75	75
9TH	-	75	75
10TH	-	-	75
11TH	-	-	-
12TH	-	-	-
TOTAL	150	225	300
90% OF TOTAL	135	202.5	270

State Funding (Equalization Assistance)

- Assumes $876,390 in year 1 for 135 students according to the 2015 Charter School Revenue worksheet provided by the ADE
- Assumes $1,367,900 in year 2 for 202.5 students according to the 2015 Charter School Revenue worksheet provided by ADE
- Assumes $1,852,583 in year 3 for 270 students according to the 2015 Charter School Revenue Worksheet

Explanation of Expenses

Administration, Instruction and Support (AIS) Expenditures

Salaries

School Leader

- Assumes the School Leader for AIM Higher College Prep Academy will be paid a $55,000 annual salary in Year 1. Total salary assumes 10% required employer contributions for a total of $60,500. This cost assumption was based on Espiritu Community Development Corp.'s average salaries for School Leaders.
- Assumes enrollment and performance goals are met and salary increases by 3% to $56,650 in Year 2 to and to $58,350 in Year 3. Total salary assumes 10% required employer contributions for a total of $62,315 and $64,185 for Years 2 and 3, respectively.

Teacher – Regular Education

- Assumes 6 full-time teachers in Year 1 paid an annual average salary of $35,000. Total salary assumes 10% required employer contributions for a total of $231,000. This cost assumption was based on Espiritu CDC ’s average salaries for teachers.
- Assumes 9 full-time teachers in Year 2 paid an annual average salary of $36,050 (assumes performance goals are met and salary increases by 3%). Total salary assumes 10% required employer contributionsfor a total of $356,895.
- Assumes 11 full-time teachers in Year 3 paid an annual average salary of $37,132 (assumes performance goals are met and salary increases by 3%). Total salary assumes 10% required employer contributions for a total of $449,297.

Teacher – Special Education

- Assumes .5 part-time special education teacher in Year 1 paid an annual average salary of $35,000. Total salary assumes 10% required employer contributions for a total of $19,250. This cost assumption was based on Espiritu CDC’s average salaries for special education teachers.
- Assumes 1 full-time special education teacher in Year 2 paid an annual average salary of $36,050 (assumes performance goals are met and salary increases by 3%). Total salary assumes 10% required employer contributions for a total of $39,655.
- Assumes 1 full-time special education teacher in Year 3 paid an annual average salary of $37,132 (assumes performance goals are met and salary increases by 3%). Total salary assumes 10% required employer contributions for a total of $40,845.

Clerical (Office Manager)

- Assumes 1 full-time Receptionist/Registrar in Year 1 paid an annual average salary of $28,000. Total salary assumes 10% required employer contributions for a total of $30,800. This cost assumption was based on Espiritu CDC’s average salary for Receptionist/Registrar.
- Assumes 1 full-time Receptionist/Registrar in Year 2 paid an annual average salary of $28,840 (assumes performance goals are met and salary increases by 3%). Total salary assumes 10% required employer contributions for a total of $31,724.
- Assumes 1 full-time Registrar in Year 3 paid an annual average salary of $29,705 (assumes performance goals are met and salary increases by 3%). Total salary assumes 10% required employer contributions for a total of $32,676.

Clerical (Receptionist)

- Assumes 1 full-time Receptionist in Year 3 paid an annual average salary of $20,000. Total salary assumes 10% required employer contributions for a total of $22,000. This cost assumption was based on Espiritu CDC’s average salary for Receptionist.

Other (Dean of Students and Operations)

- Assumes 1 full-time Dean of Students and Operations in Year 1 paid an annual average salary of $45,000. Total salary assumes 10% required employer contributions for a total of $49,500. This cost assumption was based on Espiritu CDC’s average salary for Dean of Students and Operations.
- Assumes performance goals are met and salary increases by 3% to $46,350 in Year 2 to and to $47,740 in Year 3. Total salary assumes 10% required employer contributions for a total of $50,985 and $52,514 for Years 2 and 3, respectively.

Employee Benefits

- Assumes a total cost of $11,732 in Year 1; $15,058 in Year 2; and $19,846 in Year 3 for retirement contributions, based on contributing a matching 3% of each employee's salary, assuming all employees contribute at 3% of their salary. Match is similar to that offered to employees of NFL YET College Prep Academy.

Employee Insurance

- Assumes a total cost of $32,718 in Year 1; $44,772 in Year 2; and $55,104 in Year 3 for medical, dental, and vision insurance for all employees estimated at $287 per employee per month. Assumes all employees participate in the offered insurance plan. Cost is based on current individual rates determined for employees of Espiritu CDC's health, dental, and vision insurance plan.

Office Supplies

- Assumes a total cost of $2,582 in Year 1; $3,700 in Year 2; and $4,945 in Year 3 for printing paper, office supplies, postage, and other miscellaneous supplies. Cost is based on Espiritu CDC's historical costs adjusted for projected student counts.

Instructional Consumables

- Assumes a total cost of $0 in Year 1 as materials will have been purchased during the start-up period.
- Assumes $1,333 for miscellaneous classroom supplies for teachers and their classrooms during Year 2; $1,620 for On-Core Math workbooks to supplement math instruction; and $5,670 for Common Core Coach workbooks to supplement reading and math instruction. Total cost for Year 2 is $8,623. This cost assumption was based on Espiritu CDC's recent purchases of consumable and workbook materials.
- Assumes $1,833 for miscellaneous classroom supplies for teachers and their classrooms during Year 3; $2,160 for On-Core Math workbooks to supplement math instruction; and $7,560 for Common Core Coach workbooks to supplement reading and math instruction. Total cost for Year 3 is $11,553.

Membership Dues, Registrations, & Travel

- Assumes $3 per student for Arizona Charter Schools Association membership, totaling $450 in year 1, $675 in Year 2, and $900 in Year 3.
- Assumes $3,000 in costs associated with attending Classical Education professional development in Years 2 and 3.

Contracted Services (AIS)

- Assumes a cost of $61,347 in Year 1 to support annual fees associated with the CMO. Services will include Finance, Human Resources, Information Technology & Data Management, Fundraising, Food Service and Staff Recruitment. This cost assumption was based on other Charter Management Organization fees charged to their schools. Assumes a cost of $3,000 for attorney's fees for extenuating circumstances. This cost assumption was

based on historical figures paid out by Espiritu CDC to Buchalter Nemer for legal counsel. Total Cost for Year 1 is $64,347.

- Assumes a total cost of $95,753 in Year 2 to support annual fees associated with the CMO. Assumes a cost of $3,000 for attorney's fees for extenuating circumstances. Total Cost for Year 2 is $98,753.
- Assumes a total cost of $129,680 in Year 3 to support annual fees associated with the CMO. Assumes a cost of $3,000 for attorney's fees for extenuating circumstances. Total Cost for Year 3 is $132,680.

Contracted Services (Special Education)

- Assumes a total cost of $11,911 in Year 1; $17,867 in Year 2; and $23,823 in Year 3 for Special Education services that are outside the scope of work of the Special Education teacher on staff, including Speech/Language Pathology, Psychological evaluations, and Occupational Therapy. Cost is based on Espiritu CDC's historical costs paid for Special Education services adjusted for projected student counts.

Curriculum & Resource Materials

- Assumes a total cost of $0 in Year 1 as Curriculum & Resource Materials will have been purchased during the start-up period.
- Assumes a cost of $4,050 for additional Saxon Math textbooks for new grade level; $4,050 for additional History Textbooks to support the Classical Education Model for new grade level; $1,000 for two additional Science kits for new grade level; $5,400 for Foreign Language textbooks. Total cost for Year 2 is $14,500. This cost assumption was based on Espiritu CDC's recent purchases of curriculum materials.
- Assumes a cost of $4,050 for additional Saxon Math textbooks for new grade level; $4,050 for additional History Textbooks to support the Classical Education Model for new grade level; $1,000 for two additional Science kits for new grade level; and $5,400 for Foreign Language textbooks . Total cost for Year 3 is $14,500.

Library Resources/Software

- Assumes a total cost of $3,797 in Year 1 to purchase a flat-fee yearly subscription to Reading Assistant. This cost assumption was based on Espiritu CDC's recent subscription with Reading Assistant.
- Assumes a cost of $1,620 to purchase internal assessment software from ATI (Galileo) in Year 2. Assumes a cost of $3,797 to renew yearly subscription to Reading Assistant. Total cost for Year 2 is $5,417.
- Assumes a cost of $2,160 to purchase internal assessment software from ATI (Galileo) in Year 3. Assumes a cost of $3,797 to renew yearly subscription to Reading Assistant. Total cost for Year 2 is $5,957.

SAIS Software

- Assumes a total cost of $0 in Year 1 as SAIS Software will have been purchased during the start-up period.
- Assumes SAIS software renewal fees of $4,484 for Year 2 and Year 3. This cost assumption was based on Espiritu CDC's recent renewal with Schoolmaster.

Auditor Fees

- Assumes a total cost of $0 in Year 1 as audit for first year's financials will take place after the fiscal year has ended. Year 1 audit will be conducted and paid during Year 2.
- Assumes a total cost of $7,500 for auditor's fees in Year 2. This cost is based on Espiritu CDC's historical costs paid to Walker and Armstrong for auditor services, adjusted for projected student counts.
- Assumes a total cost of $7,725 for auditor's fees in Year 3 (assumes a 3% increase for the year). This cost increase is based on historical increases experienced by Espiritu CDC for services from Walker and Armstrong.

Other (Professional Development)

- Assumes outside professional development costs of $15,107 each year for Year 1, Year 2, and Year 3 (consists of 6 Formal PD sessions and 14 four hour coaching sessions with qualified trainer/coach). This cost is based on Espiritu CDC's historical costs paid to the Arizona Charter Schools Association for participation in the Quality Schools Program.

Operations Maintenance(O&M) Expenditures

Supplies

- Assumes janitorial supply costs of $4,779 in Year 1, $7,151 in Year 2, and $9,558 in Year 3. Cost is based on Espiritu CDC's historical costs paid for Janitorial Supplies adjusted for projected school size.

Marketing/Advertising

- Assumes a total cost of $8,115 each year for Year 1, Year 2, and Year 3 ($1,125 for 15,000 fliers for distribution according to quote received by Four Lizard Printing Solution; $2,640 for direct mail of 10,000 fliers according to quote received by Republic Media; $2,100 for six month ad in La Voz newspaper according to quote received by Republic Media; and $2,250 for Marketing Consultant who will assist in the procurement of free Radio, TV, and Newspaper advertising - cost will be split with Espiritu CDC and based on current consulting rate).

Contracted Services: O&M

- Assumes contracted landscaping services at $4,787 in Year 1; $7,181 in Year 2; and $9,574 in Year 3. Cost is based on Espiritu CDC's quote received for landscaping services from Marsden Inc. adjusted for projected school size.
- Assumes contracted janitorial/maintenance services at $20,681 in Year 1; $31,021 in Year 2; and $41,362 in Year 3. Cost is based on Espiritu CDC's quote received for janitorial/maintenance servicesfrom Marsden Inc. adjusted for projected school size.

Building Rent/Lease/Loan

- Assumes all pricing is based on conceptual space program in Section 8. Estimated 10,309 square feet of total programs gross area in Year 1; 14,473 square feet in Y2; and 21,381 square feet in Year 3. Assumes a standard market rate cost of $12 per square foot triple-net

for Years 1-3. Assumes total lease cost of $123,708 in Year 1, $173,676 in Year 2, and $256,572 in Year 3. Costs obtained from Architectural Resource Team and Keyser Real Estate Brokers.

Building and Improvements

- Assumes a reserve cost of $20,000 each year for Year 1-3 for Building and Improvement costs. Assumes most Building and Improvement costs will be negotiated to be included in lease payments; however, a set-aside fund will be in place for Building and Improvement costs beyond those covered by negotiated lease. This cost is based on historical building and improvement costs for Espiritu CDC on a yearly basis adjusted for the size of building.

Land Improvements

- Assumes no Land Improvement costs during Years 1-3. Assumes any Land Improvement costs will be negotiated to be included in lease payments.

Fees/Permits

- Assumes $1,500 in permit fees each year for Years 1-3 for yearly inspections. This cost is based on historical permit fee expenses for Espiritu CDC on a yearly basis.

Property/Casualty Insurance

- Assumes a total cost of $4,411 in Year 1; $5,462 in Year 2; and $6,201 in Year 3 for Property/Casualty Insurance. Cost based on a direct quote from Arizona Group.

Liability Insurance

- Assumes a total cost of $13,368 in Year 1; $16,786 in Year 2; and $20,273 in Year 3 for Liability (incl. Umbrella, Work Comp, and Student Accident) Insurance. Cost based on a direct quote from Arizona Group.

Utilities (Electric, Gas, Water, Waste)

- Assumes all pricing is based on conceptual space program in Section 8. Estimated 10,309 square feet of total programs gross area in Year 1; 14,473 square feet in Y2; and 21,381 square feet in Year 3. Assumes a standard market rate cost of $4 per square foot for utilities for Years 1-3. Assumes total utility cost of $41,236 in Year 1, $57,892 in Year 2, and $85,524 in Year 3. Costs obtained from Architectural Resource Team and Keyser Real Estate Brokers.

Phone/Communications/Internet Connectivity

- Assumes a total cost of $6,609 in Year 1; $9,889 in Year 2; and $13,218 in Year 3 for phone line, fax line, and internet connection. This cost assumption was based on Espiritu CDC's monthly contract expense with Cox Communications adjusted for projected school size.

Transportation

- Assumes $0 in transportation cost. AIM Higher College Prep Academy will not be providing transportation during the first three years of operation.

Food Service

- Assumes $0 in food service cost. Assumes cost will be offset from Food Service reimbursement from participation in the National School Lunch and Breakfast Programs. This assumption was based on Espiritu CDC's participation in the National School Lunch and Breakfast Programs.

Student Furniture & Equipment

- Assumes a total cost of $0 in Year 1 as Student Furniture and Equipment will have been purchased during the start-up period.
- Assumes 27 additional student tables at $75 each plus total shipping and handling fees of $346; 75 additional student chairs at $18.99 each plus total shipping and handling fees of $90, and two additional classrooms outfitted with 4 white board panels at $120 per classroom including installation for Year 2. Total cost is $4,486. Costs obtained from schoolfurniture4less.com for student tables; schooloutfitters.com for student chairs; and Lowe's for white board panels.
- Assumes 27 additional student tables at $75 each plus total shipping and handling fees of $519; 75 additional student chairs at $18.99 each plus total shipping and handling fees of $90, and three additional classrooms outfitted with 4 white board panels at $120 per classroom including installation for Year 3. Total cost is $4,419. Costs obtained from schoolfurniture4less.com for student tables; schooloutfitters.com for student chairs; and Lowe's for white board panels.

Office Furniture & Equipment

- Assumes 1 additional staff desk at $100; 1 additional office chair at $30, 1 additional filing cabinet at $25; and 1 additional bookcase at $30 for Year 1. Total cost is $185. Costs obtained from Espiritu CDC from its purchases from the Arizona State Surplus.
- Assumes 3 additional staff and teacher desks at $100; 3 additional office chairs at $30, 3 additional filing cabinets at $25; and 3 additional bookcases at $30 for Year 2. Total cost is $555.
- Assumes 4 additional staff desks at $100; 4 additional office chairs at $30, 4 additional filing cabinets at $25; and 4 additional bookcases at $30 for Year 3. Total cost is $740.

Student Technology Equipment

- Assumes a cost of $2,000 for CIPA Filter for Internet; $3,300 for six projectors including mounting; and $4,200 for six Mimio Teach in Year 1. Total cost is $9,500. Costs obtained from Espiritu CDC renewal of CIPA Filter with Mancom, Projectors from VLCM; and Mimio Teach from Backbone Communications.
- Assumes a cost of $2,000 renewal for CIPA Filter for Internet; $1,100 for two additional projectors including mounting; and $1,400 for two additional Mimio Teach; 25 additional computers at $100 each; 13 additional computer tables at $75 each; and 25 additional Kindle Readers at $80 each. Total cost is $9,975. Costs obtained from Espiritu CDC from its

renewal of CIPA Filter with Mancom; Projectors from VLCM; Mimio Teach from Backbone Communications; computer tables from the Arizona State Surplus; and Kindle Readers from Amazon.com.

- Assumes a cost of $2,000 renewal for CIPA Filter for Internet; $1,650 for three additional projectors including mounting; and $2,100 for three additional Mimio Teach; 25 additional desktop computers at $100 each; 13 additional computer tables at $75 each; and 25 additional Kindle Readers at $80 each. Total cost is $11,225.

Office Technology Equipment

- Assumes 1 additional staff computer at $300 for Year 1. Assumes a cost of $5,000 for 2 servers; $1,500 for a Switch; and $2,000 for configuration. Total cost is $8,800 in Year 1. Costs obtained from Espiritu CDC from its computer purchases from the CDI Computer Dealers Inc.; and Sentinel Technologies for network costs.
- Assumes 3 additional staff and teacher computers at $300 each for Year 2. The total cost is $900.
- Assumes 4 additional staff and teacher computers at $300 each for Year 2. The total cost is $1,200.

Other Leases (Security, Copiers, etc.)

- Assumes a cost of $4,341 in Year 1, $5,576 in Year 2, and $6,687 in Year 3 for one copier with scanning and faxing capabilities. This cost assumption was based on Espiritu CDC's contract expense with IKON/Ricoh adjusted for number of copies needed each month based on population size.

Applicant Name:__AIM Higher College Prep Academy_____

Provide Assumptions by Line		First Year				Second Year				Third Year		
STUDENT COUNT (at full enrollment)				**150.00**				**225.00**				**300.00**
Number of Students (Budget based on)				**135.00**				**202.50**				**270.00**
% of Full Enrollment Budget Based On				**90.00%**				**90.00%**				**90.00%**
CARRYOVER *(Balance from Start-Up Budget in year 1 or previous year)*				$ 2,879				$ 73,556				$ 299,071
REVENUE				**$ Amount**				**$ Amount**				**$ Amount**
State Funding (Equalization Assistance)				$ 876,390				$ 1,367,900				$ 1,852,583
Secured Funds - Private Donations				$ -				$ -				$ -
Secured Funds - Loans				$ -				$ -				$ -
Secured Funds - Other				$ -				$ -				$ -
Total Revenue				$ 876,390				$ 1,367,900				$ 1,852,583
Administration, Instruction, & Support (AIS) EXPENDITURES	**# of Staff**	**@ Salary**	**Req. Cont.**	**Total**	**# of Staff**	**@ Salary**	**Req. Cont.**	**Total**	**# of Staff**	**@ Salary**	**Req. Cont.**	**Total**
(add lines as necessary)												
Salaries												
Director/Principal	1.00	$ 55,000	$ 5,500	$ 60,500	1.00	$ 56,650	$ 5,665	$ 62,315	1.00	$ 58,350	$ 5,835	$ 64,185
Teacher-Regular Education	6.00	$ 35,000	$ 3,500	$ 231,000	9.00	$ 36,050	$ 3,605	$ 356,895	11.00	$ 37,132	$ 3,713	$ 449,297
Teacher-Special Education	0.50	$ 35,000	$ 3,500	$ 19,250	1.00	$ 36,050	$ 3,605	$ 39,655	1.00	$ 37,132	$ 3,713	$ 40,845.20
Instructional Assistants-Regular Education	-	$ -	$ -	$ -	-	$ -	$ -	$ -	-	$ -	$ -	$ -
Instructional Assistants-Special Education	-	$ -	$ -	$ -	-	$ -	$ -	$ -	-	$ -	$ -	$ -
Clerical (Office Manager)	1.00	$ 28,000	$ 2,800	$ 30,800	1.00	$ 28,840	$ 2,884	$ 31,724	1.00	$ 29,705	$ 2,971	$ 32,676
Clerical (Receptionist)	-	$ -	$ -	$ -	-	$ -	$ -	$ -	1.00	$ 20,000	$ 2,000	$ 22,000
Bookkeeper/Finance	-	$ -	$ -	$ -	-	$ -	$ -	$ -	-	$ -	$ -	$ -
Custodial/Maintenance	-	$ -	$ -	$ -	-	$ -	$ -	$ -	-	$ -	$ -	$ -
Other (Dean of Students & Operations)	1.00	$ 45,000	$ 4,500	$ 49,500	1.00	$ 46,350	$ 4,635	$ 50,985	1.00	$ 47,740	$ 4,774	$ 52,514
Other _____	-	$ -	$ -	$ -	-	$ -	$ -	$ -	-	$ -	$ -	$ -
Employee Benefits				$ 11,732				$ 16,247				$ 19,846
Employee Insurance (if applicable)				$ 32,718				$ 44,772				$ 55,104
Office Supplies (Paper, Postage, etc.)				$ 2,582				$ 3,700				$ 4,945
Instructional Consumables				$ -				$ 8,623				$ 11,553
Membership Dues, Registrations, & Travel				$ 450				$ 3,675				$ 3,900
Contracted Services (AIS)				$ 64,347				$ 98,753				$ 132,680
Contracted Services (Special Education)				$ 11,911				$ 17,867				$ 23,823
Curriculum & Resource Materials				$ -				$ 14,500				$ 14,500
Library Resources/Software				$ 3,797				$ 5,417				$ 5,957
SAIS Software				$ -				$ 4,484				$ 4,484
Auditor Fees				$ -				$ 7,500				$ 7,725
Other (Professional Development)				$ 15,107				$ 15,107				$ 15,107
Total Administration, Instruction, & Support				$ 533,694				$ 782,219				$ 961,140
Operations & Maintenance (O&M) EXPENDITURES				**Total**				**Total**				**Total**
(add lines as necessary)												
Supplies				$ 4,779				$ 7,151				$ 9,558
Marketing/Advertising				$ 8,115				$ 8,115				$ 8,115
Contracted Services - O&M				$ 25,468				$ 38,202				$ 50,936
Building Rent/Lease/Loan				$ 123,708				$ 173,676				$ 256,572
Building & Improvements				$ 20,000				$ 20,000				$ 20,000
Land & Improvements				$ -				$ -				$ -
Fees/Permits				$ 1,500				$ 1,500				$ 1,500
Property/Casualty Insurance				$ 4,411				$ 5,462				$ 6,201
Liability Insurance				$ 13,368				$ 16,786				$ 20,273
Utilities (Electric, Gas, Water, Waste)				$ 41,236				$ 57,892				$ 85,524
Phone/Communications/Internet Connectivity				$ 6,609				$ 9,889				$ 13,218
Transportation				$ -				$ -				$ -
Food Service				$ -				$ -				$ -

Student Furniture & Other Equipment				$ -				$ 4,486				$ 4,419
Office Furniture & Other Equipment				$ 185				$ 555				$ 740
Student Technology Equipment				$ 9,500				$ 9,975				$ 11,225
Office Technology Equipment				$ 8,800				$ 900				$ 1,200
Other Leases (Security, Copiers, etc.)				$ 4,341				$ 5,576				$ 6,687
Loan Repayment				$ -				$ -				$ -
Other				$ -				$ -				$ -
Total Operations & Maintenance				$ 272,020				$ 360,165				$ 496,168
Total Expenditures				$ 805,714				$ 1,142,384				$ 1,457,308
Total Revenues				$ 879,269				$ 1,441,456				$ 2,151,654
Budget Balance (=Revenues-Expenditures)				$ 73,556				$ 299,071				$ 694,346

SECTION 11. FINANCIAL PERFORMANCE INFORMATION

Unrestricted Days Liquidity

Purpose: Determines the number of days of liquidity of a charter holder; how many days of expenses are available; minimum of 30 day. The Arizona State Board for Charter Schools (ASBCS) does not allow for the rounding of this ratio for purposes of meeting the minimum requirement.

Espiritu met the 30 day requirement in 2012 and barely missed the minimum requirement for 2013 for which the Financial Performance determination was based. The table below documents the 2013 average daily expenses and related minimum year-end cash requirement of $478,596 which Espiritu missed by $23,407. A combination of increasing revenues, further reducing variable expenses, increasing net cash, and managing the timing of payables allows Espiritu to better manage this ratio.

Espiritu did not meet the Unrestricted Days Liquidity requirement due to the timing of reducing its payables. Espiritu made a significant decrease in Accounts Payable during the 2013 year, but at the cost of reducing its cash holdings. By delaying payment on a few expenses Espiritu would have met the requirement. It is also understood, however, there was a need to increase revenues and therefore further boosting cash holdings. Espiritu continues to make strides toward reducing its Accounts Payables, but is making great inroads in increasing revenues while not experiencing significant increases in expenses to boost its cash reserves.

Although in 2013 Espiritu had an unrestricted day's liquidity of 28.5 days, it was the opinion of both Espiritu's Governing Board and its auditors, that Espiritu should be able to maintain the 30 day minimum liquidity requirement by monitoring expenses and cash outlay of those expenses more closely. As can be seen in the projections for the most recent fiscal year in the table below, 2014, Espiritu will not only meet the minimum 30 day requirement but exceed the mark by 9.6 days. This can be attributed to an increase in the end-of-year cash balance. This has not, however, resulted in an increase in the Accounts Payable balance, rather, the Accounts Payable balance has been reduced by $130,397 over the course of one year and a total of $200,668 over the course of the last two years. The conclusion can be made that Espiritu will continue to see an upward trend in its overall financial health and will have the ability to satisfy the 30 Days Unrestricted Liquidity requirement.

Espiritu Unrestricted Days Liquidity for June 30, 2014, 2013, and 2012

	2014	2013	2012	Comments	
Total Exps	$ 6,015,676	$ 5,822,918	$ 5,733,083		
	Div by 365	Div by 365	Div by 365		
Daily Exps	16,481	15,953	15,707		
Cash bal E-O-Y	652,843	455,189	471,586		
No. of Days Cash	**39.6**	**28.5**	**30.0**	**Minimum: 30**	
To Meet Minimum:					
Daily Exps	16,481	15,953	15,707		
	x 30	x 30	x 30		
Required minimum	494,439	478,596	471,212		
Shortage	(158,404)	23,407	(374)		
Explanation:				**Change over Prior Year**	
Accounts payable	62,279	192,676	262,947	**(200,668)**	**Total (Decrease) Increase**
Weekly average exps	115,686	111,979	110,252		
No of weeks in A/P	0.54	1.72	2.38	**(1.8)**	**Total (Decrease) Increase**

Net Income – Sustainability Indicator

Purpose: Evaluates net income to determine whether a charter holder is operating within its available resources. Minimum requirement is to operate with a "surplus." The ASBCS does not focus on the "magnitude" of the surplus or deficit.

Espiritu was not able to maintain sufficient net income in 2013 and 2012 to meet the Net Income sustainability indicator. Espiritu reported deficiencies in the change in net assets of $140,418 and $238,692 for 2013 and 2012, respectively. Although, Espiritu did not meet the Net Income sustainability indicator in 2012, a major contributing factor was a $210,000 loss on the disposal of a fixed asset related to the termination of a building Espiritu was leasing. In 2013, contributing factors to the negative change in net assets were due to increases in instructional wages and an increase in the Arizona State Retirement contribution rate. Espiritu's trend in Net Income has improved and administration has been committed to finding new ways to increase revenues and reduce expenses in order to overcome reporting a negative change in net assets.

To curb this trend, Espiritu has considered the effects of increasing the number of students in relation to the variable costs. Based on the attached for 2013, Espiritu would have had a positive change in net assets if the School served 16.2 more students without incurring any additional costs ($140,418 divided by $8,678 average cost per student).

Projections for 2014 indicate Espiritu is on track to meet the Net Income sustainability indicator. Internal financial statements project a positive change in net assets of $93,665. This is an improvement in Net Income of approximately $234,000. These positive figures can be attributed to two significant factors – increased revenue through more students and achieving efficiencies where possible whereby reducing or maintaining expense levels. Espiritu increased its ADM count by 29 students between 2013 and 2014 and by a total of 50 students since 2012. This has resulted in an increase of over $600,000 (11.2%) in total revenue during that same time. In addition, Food Service Revenue increased by $85,000 (17%) while only increasing Food Purchases by $20,000 (6%). Espiritu was able to maintain expense levels while increasing revenue (maximizing efficiencies). Espiritu overall has been able to reduce its expenses per student by $226 over the last two years. The positive trends outlined here and in the table indicate Espiritu will meet the Net Income sustainability indicator now and into the future.

Espiritu Net Income for June 30, 2014, 2013, and 2012

										Increase (Decrease)	
		2014		2013		2012				$	%
	Change in Net Assets	**$ 93,665**		**$ (140,418)**		**$ (238,692)**				**$ 332,357**	**-139.2%**
	No. of Students	700		671		650				50	7.7%
	Net income per student	$ 134		$ (209)		$ (367)				$ 501	-136.4%
	Total revenue	$ 6,109,342		$ 5,682,500		$ 5,494,497				$ 614,845	11.2%
	Total expenses	$ 6,015,676	[a]	$ 5,822,918	[b]	$ 5,733,083		[c]		$ 282,593	4.9%
	Exps per student	$ 8,594		$ 8,678		$ 8,820				$ (226)	-2.6%

[a] **State revenue - Increase of $367,000 (8%)**
Food Service Revenue - Increase of $85,000 (17%)
Food Service Purchases - Increase of $20,000 (6%).

[b] **Salaries - Increase of 169,000 (11.5%)**
Health insurance - Decrease of $43,000 (24%)
Retirement plan contributions - Increase of $62,000 (48%).

[c] **FY12 - include $210,000 loss on disposal of fixed asset related to termination of leased property**

Cash Flow – Sustainability Indicator

Purpose: Evaluates the change in cash balance between years. Long-term view and evaluation of cash flow using a 3-year average.

Espiritu met the Cash Flow requirement in both 2011 and 2012 but barely missed the minimum requirement for 2013 for which the Financial Performance determination was based.

The table below highlights the net change in cash for 2012, 2013, and the most recently completed 2014 year. In 2013 Espiritu experienced a decrease in cash and missed the requirement by $16,397. Although Espiritu did not meet the requirement in 2013, preliminary projections show Espiritu meeting the requirement again in 2014. This would mean Espiritu will have met the Cash Flow requirement in 3 of the last 4 years. As the Cash Flow indicator is closely interrelated to the Unrestricted Days Liquidity indicator, the combination of increasing revenues, further reducing variable expenses, increasing net cash, and managing the timing of payables will also allow Espiritu to maintain positive cash flow.

Espiritu did not meet the Cash Flow requirement due to the significant decrease in Accounts Payable but also due to its need to increase revenues. During 2013, Espiritu paid a significantly increased amount to vendors and employees of approximately $490,000 but reduced its property and equipment purchases by approximately $110,000. Although Espiritu made significant outlays of cash, its revenues received from education equalization and grantor agencies only increased by $150,000 during this same time frame.

Although in 2013 Espiritu had anegative cash flow, Espiritu is on track in 2014 to maintain a positive cash flow by monitoring its expenses and cash outlay of those expenses more closely. As can be seen in the projections for the most recent fiscal year in the table below, 2014, Espiritu will meet the Cash Flow requirementby achieving a positive cash flow of $97,104. This can be attributed to an increase in enrollment and thus an overall increase in revenues for the year. As indicated prior, Espiritu increased its revenues significantly by approximately $426,000 from 2013 to 2014.

Although, Espiritu increased its cash paid to vendors and employees by approximately $248,000 it also significantly reduced its Accounts Payable balance while simultaneously maintaining positive cash flow. This positions Espiritu better financially for the future.

With the expectation that Espiritu will meet the Cash Flow requirement in 2014 and thus meeting 3 of the last 4 years, it is reasonable to assume that Espiritu will continue to sustain its financial health and continually meet the Cash Flow requirement by maintaining its revenue stream and finding creative ways to maintain and reduce expenses when possible.

Espiritu Cash Flow for June 30, 2014, 2013, and 2012

							Increase (Decrease)	
		2014	2013		2012		$	%
	Net increase (decrease) in cash	**$ 97,104**	**$ (16,397)**	**[a]**	**$ 147,202**		**$ (50,098)**	**-34.0%**
	No. of Students	700	671		650		50	7.7%
	Net income per student	$ 139	$ (24)		$ 226		$ (88)	-38.7%
	Cash Paid to Vendors & Employees	**$ 5,148,302**	**$ 4,899,974**		**$ 4,411,733**		**$ 736,569**	**16.7%**

[a] Due to the significant decrease in Accounts Payable