C. BUSINESS PLAN

C.4. START-UP BUDGET

PRE-OPENING EXPENDITURES	Start-Up Expenses covered by Start-Up Budget	Start-Up Expenses covered by 3-Year Operational Budget	Start-Up Expenses covered by other Sources	Notes/Explanations/Other Expenses
Administration Overhead Expenses				
Executive Director Pre-Opening Stipend	$5,000	$	$11,250	The $11,250 unpaid stipend is Dr. Abougou non-cash "sweat equity" contribution to SPA.
Office Manager, 2 week salary (Jul 1-15, 2013)	$	$960	$	Paid in August 2013
Purchased Services (Acctg/Legal,/Bus Mgt)	$500	$	$	Deposit
Total Administration Overhead	$5,500	$960	$11,250	
Oper & Maintenance Overhead Expenses				
Marketing/Advertising	$13,950	$	$	Pre-opening expenses
Property/Casualty Insurance, Deposit	$250	$	$	Deposit
Liability Insurance, Deposit	$250	$	$	Deposit
Utilities – Electric/Gas/Water/Waste, Deposit	$500	$	$	Deposit
Phone/Comm/Internet Connectivity, Deposit	$250	$	$	Deposit
Other: Pre-Opening Reserve Fund	$3,300	$	$	Funds kept in reserve account
Total Operations & Maintenance	$18,500	$	$	
Instruction & Support Variable Expenses				
Assistant Director, 2 wk salary (Jul 1-15, 2013)	$	$2,154	$	Paid in August 2013
Total Instruction & Support	$	$2,154	$	
TOTAL	$24,000	$3,114	$11,250	
Total Cash Start-Up Budget	**$27,114 (=$24,000 + $3,114)**			
Grand Total Cash & Non-Cash Start-Up Budget	**$38,368 = ($24,114 + $3,114 + $11,250)**			
POST-OPENING EXPENDITURES WITH ORDERS PLACED ON MAY 1, 2013 BEFORE SCHOOL OPENS				
		3-Year Operational Budget		
Curriculum & Resource Material		$65,000		Paid in 6 monthly installments starting on August 2013.
Student Furniture & Equipment		$39,000		Paid in 3 monthly installments starting in Aug 1, 2013.
Student Technology Equipment		$50,200		Paid in 6 monthly installment starting on Aug 1, 2013.

Table 1. List of Start-Up Expenses.

C.4.a. Start-Up Sources of Revenues

Mrs. Donka Dyer-Abougou will provide Seneca Preparatory Academy (SPA) a $24,000 start-up loan using funds from her Diversified account that as of March 31 2012 had $69,705 available for start-up funding.

C.4.b. List of Start-Up Expenditures

Please refer to Table 1.

C.4.c. Expenditures are Viable and Adequate

General Information

- Seneca Preparatory Academy (SPA) will receive a $24,000 loan from Mrs. Dyer-Abougou. These funds will be used to cover all cash start-up expenses listed in the Star-Up Budget. In addition, SPA will use $3,114 from the 3-Year Operational Budget to cover start-up cost associated with the July 1-15 2013 salaries of the Assistant Director and the Office Manager. Together, these two budgets give SPA a Total Cash Start-Up Budget of $27,114. As shown in Table 1, this budget will be adequate and viable since it will cover all cash start-up expenses without putting the organization under financial duress.
- In addition to the $27,114 Total Start-Up Budget, Dr. Abougou will provide SPA with non-cash "sweat equity" contribution of $11,250 derived from his forgone pre-opening administrator stipend. By adding the latter non-cash contribution to the $27,114 cash start-up fund, SPA will have a Grand Total Cash & Non-Cash Start-Up Budget of $38,368.
- The $11,250 non-cash sweat equity contribution provided by Dr Abougou is a portion of the $16,250 stipend that SPA will owe him for working for six months from February 1 to July 31 2013, as a 50% FTE administrator at $65,000 per year. Instead, Dr. Abougou will receive a $5,000 stipend and will contribute his $11,250 unpaid stipend to SPA start-up budget in the form of a non-cash sweat equity donation.

  Note: $16,250 = ($65,000/yr) x (50%) x (6 months/12 months/yr) = (0.25FTE) x ($65,000)

- During the pre-opening period, besides payroll tax benefits, Seneca Preparatory Academy (SPA) will not pay employee benefits to its employee or to contractors. SPA will provide these benefits to fulltime employees only after school opens on August 5, 2013.
- On July 1, 2013, Seneca Preparatory Academy (SPA) will take possession of a school-ready facility through financial arrangements made with the Community Development Financial Institution (CDFI) that will finance or guarantee the lease agreement on the school facility. The CDFI will also guarantee the payments of SPA first and last month lease. Consequently,

SPA will not have a lease payment in July 2013 when it takes possession of the school facility.

Pre-Opening Administrative Overhead Expenditures

- Seneca Preparatory Academy (SPA) will incur pre-opening administrative expenditures between February/March 2013 after the charter contract award, and July 2013 before school opens. As shown in the Table 1, the Start-Up Administrative Expenses will total $5,500 and will include the $5,000 stipend paid to the Executive Director for developing, organizing and managing all pre-opening activities. Also included in the Start-Up Administrative Expenses is a $500 deposit made for Purchased Accounting/Legal Services/Business Management Services
- In addition, the pre-opening administrative expenditures will include the Office Manager Salary for July 1 to 15, 2013, or $960 including 7.5% payroll tax benefits. This expense will be covered by the 3-Year Operational Budget funds and will be paid with the first paycheck in August 2013.
- The $11,250 pre-opening stipend due to Dr. Abougou is listed in this category of pre-opening administrative overhead expenditures.

Pre-Operations & Maintenance Overhead Expenditures

- These expenses will amount to $18,500 including a Pre-Opening Marketing/Advertising Promotion budget of $13,950 and a Pre-Opening Reserves Fund of $3,300. The Star-Up Budget will cover these expenditures.
- Seneca Preparatory Academy (SPA) will make deposit payments in July 2013 for the following services: Property/Casualty Insurance, $250; Liability Insurance, $250; utilities, $500; phone/communications/internet connectivity; $250. These expenses will be covered by the Start-Up Budget.

Pre-Opening Instruction Variable Expenses

The Assistant Director's salary for the first two weeks in July 2013 will constitute the only pre-opening instructional expense incurred by SPA. This expenditure will be covered by the 3-Year Operational Budget and will be paid with the first paycheck in August 2013. It will amount to $2,154 including a 7.5% payroll tax benefits.

Post-Opening Instruction Variable Expenses with Orders Placed during the Pre-Opening Period

- Curriculum and Resources Materials

Seneca Preparatory Academy (SPA) will order $65,000 worth of Curriculum & Resources Material in May 2013. The payment for this order will be made in six monthly installments starting in August 2013.

- Student Furniture & Equipment

SPA will also order $39,000 worth of Student Furniture & Equipment in May 2013. The payment for this order will be made in three monthly installments starting in August 2013.

- Student Technology Equipment

SPA will put an order of $50,200 for Student Technology Equipment in May 2013. The School will make some payment arrangements to take care of this expense in six monthly installments starting in August 2013.

C.4.d. Start-Up Revenues fully cover Expenditures

Seneca Preparatory Academy (SPA) Grand Total Cash & Non-Cash Start-Up Budget will equal to $38,368 including an $11,250 non-cash sweat equity contribution from Dr. Abougou. This budget will cover the total cash and non-cash $38,368 start-up expenses including Dr. Abougou $11,250 non-cash foregone pre-opening administrator stipend.

C.4.e. Start-Up Budget Timeframe aligned with other Timeframes listed in the Application

The Start-Up Budget is designed to cover the start-up period of February to July 2013. Consequently, this budget is aligned with other timeframes listed in the application.

C.4.f. Start-Up Budget is Consistent with the Application

The Start-Up Budget information presented by Seneca Preparatory Academy (SPA) is consistent with the application.