C.5 Three Year Operational Budget
The French American Academy of Arizona

The French American Academy three-year operational budget begins from August 1, 2018 to June 30, 2021 based on the following assumptions:

A. Explanation of Expenditures

Administration, Instruction & Support (AIS) Expenditures

Salaries

Chief Administration Officer: Assumes 1 full-time employee ("FTE") for the CAO at annual salary of $48,000 in year one. Assumes required employer contributions, estimated at 10% of salary. Assumes solid school and job performance salary increases by 3% to $49,440 in year 2 to $50,923 in year 3. Required employer contributions estimated at 10% of salaries. The CAO compensation plan will be designed and approved by the Governing Board.

Chief Education Officer: The Chief Education Officer's salary is accounted for and included in the annual budget of the French American School of Arizona and does not apply to any forecasted expenditures for purposes of this application or in the operation of the French American Academy of Arizona.

Teaching Staff: Assumes 4 FTE for Teaching Staff at an average annual salary of $30,000 in Year 1 for student enrollment of 70. Assumes 6 FTE for Teaching Staff at an average annual salary of $30,900 in Year 2 for student enrollment of 99. Assumes 9 FTE for Teaching Staff at an average annual salary of $31,827 in Year 3 for student enrollment of 142. Assumes an average increase per teacher of 3% annually based upon available funds and performance reviews. Required employer contributions estimated at 10% of salaries for Y1, Y2, and Y3.

Clerical: Assumes an annual salary based on $25,000 for one administrative staff position for his or her time and effort during the school year plus an additional 10% in required employer contributions. Assumes performance goals are met, and annual salary increases based on 3% of base salary in Y2 and again in Y3. In Y3 a second administrative staff position is added.

Employee Insurance: The Academy will not be offering insurance in the first three years of operation.

Office Supplies: Assumes $400 per year per full time staff member in years 1 totaling $2,400; in year 2 totaling $3,200 and in year 3 totaling $4,800 for office supplies including copy paper, pencils, staplers, etc. Cost is based on comparable supply costs at similarly sized charter schools.

Instructional Consumables: Assumes $2,100 for instructional consumables to be purchased for Y1. Assumes $2,970 in Y2, and $4,260 in Y3 at an approximate rate of $30/student. Quote based on similar charter school budgets with similar program of instruction and enrollment numbers.

Membership Dues, Registrations, and Travel: Assumes fees to become members of the Arizona Charter Schools Association at a rate of $3.50/student each of the first three years. Assumes $245 in Y1; $347 in Y2; and $497 in Y3.

Assumes fees and travel associated with the Academy's staff attending PD conferences and training workshops in Y1, Y2, and Y 3. The allocations for each year is as follows: Y1 $1,000, Y2 $1,500, and Y3 $2,000.

AIS Contracted Services (Other): Assumes a Y1 cost of $16,325, in Y2 a cost of $18,200, and Y3 of $21,125 for the other AIS services listed below: (*See C.5.a Table 3: AIS Contracted Services*)

C.5.a Table 1: AIS Contracted Services

	Year 1	Year 2	Year 3
Legal Services	$1,500	$1,500	$1,500
Informational Technology	$5,500	$5,500	$5,500
Financial Management -Aspire	$8,500	$10,000	$12,250
Substitute Teachers	$825	$1,200	$1,875

Legal Services: Assumes that the School will retain legal services for $1,500 per year in years 1, 2, and 3 for circumstances in which the School would need to bring in additional outside counsel. Cost obtained from legal counsel Rader Mayrose, LLP.

Informational Technology Services: Assumes 50 hours in year 1, 2 and 3 at a rate of $110 per hour to maintain staff technology. Cost assumed per year is $5,500. Cost obtained from Compass Network Solutions.

Financial Services: Y1: Assumes a total of $8,500 for financial business consulting services as quoted by ASPIRE Business Consultants at a contracted

annual rate for full service. Services include: Assist or prepare and submit monthly cash management reports and annual completion reports to the Arizona Department of Education; Assist in the preparation of monthly financial statements for the Governing Board; Review accounting related functions including accounts payable, payroll (through third party payroll processing company), general ledger maintenance (review of coding), and preparation of monthly bank reconciliations; Assist management in complying with state/federal laws and regulations; Assist and review the annual budgets, reports for AZ Corporation Commission and the Annual Financial Report; Assist the charter with their annual audit requirements including acting as the audit liaison.

Y2: Assumes a total of $10,000 for financial business consulting services as quoted by ASPIRE Business Consultants at a contracted annual rate for full service. Services include: Assist or prepare and submit monthly cash management reports and annual completion reports to the Arizona Department of Education; Assist in the preparation of monthly financial statements for the Governing Board; Review accounting related functions including accounts payable, payroll (through third party payroll processing company), general ledger maintenance (review of coding), and preparation of monthly bank reconciliations; Assist management in complying with state/federal laws and regulations; Assist and review the annual budgets, reports for AZ Corporation Commission and the Annual Financial Report; Assist the charter with their annual audit requirements including acting as the audit liaison.

Y3: Assumes a total of $12,250 for financial business consulting services as quoted by ASPIRE Business Consultants at a contracted annual rate for full service. Services include: Assist or prepare and submit monthly cash management reports and annual completion reports to the Arizona Department of Education; Assist in the preparation of monthly financial statements for the Governing Board; Review accounting related functions including accounts payable, payroll (through third party payroll processing company), general ledger maintenance (review of coding), and preparation of monthly bank reconciliations; Assist management in complying with state/federal laws and regulations; Assist and review the annual budgets, reports for AZ Corporation Commission and the Annual Financial Report; Assist the charter with their annual audit requirements including acting as the audit liaison.

Substitute Teachers: Assumes the School will contract with substitute teachers to cover classrooms in the event that coverage is not possible from within the existing school staff. During teacher absences, other teachers, administrators, or other qualified school employees or Pre-selected volunteers with fingerprint clearance cards will cover classes. The Academy will also budget for substitute teachers when coverage within the school is not possible.

- This assumes that teaching staff in Y1 (4 FTE) will have a total of 44 days off, but likely only use 50% or 22 days. We assume current staff can cover half of them, leaving approximately 11 days with coverage needed. At a rate of $75/day, we have budgeted $825 for substitute teachers in Y1.
- This assumes that teaching staff in Y2 (6 FTE) will have a total of 66 days off, but likely only use 50% or 33. We assume current staff can cover half of them, leaving approximately 16 days with coverage needed. At a rate of $75/day, we have budgeted $1,200 for substitute teachers in Y2.
- This assumes that teaching staff in Y3 (9 FTE) will have a total of 99 days off, but likely only use 50% or 49 days. We assume current staff can cover half of them, leaving approximately 25 days with coverage needed. At a rate of $75/day, we have budgeted $1,875 for substitute teachers in Y3.

AIS Contracted Services (Special Education)

Special Education Services: Assumes that the percentage of students with disabilities enrolled at the School will be 10%.

School Psychologist Services. The Academy assumes that in Y1, there will be 7 students identified with a disability. The Academy assumes that one-third of our special education students will be due for their 3 year Multi- Evaluation Team (MET) also known as re-evaluations annually. Each evaluation is approximately $500 for the school psychologist to complete the testing portion of the determination of eligibility. Additional services will be billed at an hourly rate of $75 as quoted by STEPS.

- In Y1, it is assumed that 7 students enrolled will be receiving special education service with 3 students needing re-evaluations (MET). It is assumed that $1,500 or psychological services.
- In Y2, it is assumed that 10 students enrolled will be receiving special education services with 4 needing re-evaluations (MET). It is assumed that $2,000 for psychological services.
- In Y3, it is assumed that 14 students enrolled will be receiving special education services with 6 needed re-evaluations. It is assumed that $3,000 for psychological services.

Speech Services:

- Assumes in Y1, 4 students will be receiving speech services through a contracted provider at a rate of $75/hr. as quoted by STEPS. It is assumed that student's services will be delivered in small groups of four in weekly 30 minute sessions for a total of 2 total hours per month or 20 hours for the academic year. The assumed cost of Y1 is $1,500.
- Assumes in Y2, 6 students will be receiving speech services through a contracted provider at a rate of $75 /hr. as quoted by STEPS. It is assumed that student services will be delivered in small groups of three in weekly 30 minute sessions for a total of 4 total hours per month or 40 hours for the academic year. The assumed cost of Y2 is $3,000.
- Assumes in Y3, 9 students will be receiving speech services through a contracted provider at a rate of $75 /hr. as quoted by STEPS. It is assumed that student services will be delivered in small groups of three in weekly 30 minute session for a total of 6 total hours per month or 60 hours for the academic year. The assumed cost of Y3 is $4,500.

C.5.a Table 2: Special Services Budget

	Year 1	Year 2	Year 3
School Psychologist	$1,500 (10% of 70)	$2,000 (10% of 99)	$3,000 (10% of 142)
Speech Services	$1,500 (6% 0f 70)	$3,000 (6% of 99)	$4,500 (6% of 142)
Total	**$3,000**	**$5,000**	**$7,500**

Curriculum & Resources

French Books

- Vendor: Cufay Library Papeterie, France
- French Language Art: Ribambelle
- Math: Singapore Math (French)
- Science: Découverte du monde

English Books

- Vendor: McGraw Hill
- English: Reading Wonders
- Math: Singapore Math (English)
- Social Studies: Networks

Average cost per student (French & English combined): $350

SAIS Software: RenWeb SAIS software system. Y1: $2400, Y2: $3600, Y3: $4800.

Auditor Fees/Services: Assumes an annual rate of $8,500 for auditing services as quoted by Henry Fortino in year 2 and year 3.

Explanation of Operations & Maintenance (O&M) Expenditures:

Supplies: Assumes $4,600 for supplies in Y1, and $6,800 in Y2 and $8,400 in Y3. These supplies will include items such as toilet paper, paper towels, trash bags, miscellaneous cleaning, office, and classroom supplies. This quote was attained through analysis of other charter schools with similar enrollment numbers and facility size.

Marketing/Advertising: Assumes $2,283 for marketing and advertisement expenses in the start-up budget for the recruitment of 70 students for Year 1. Assumes $3,000 in Year 1 for the recruitment of an additional 29 students in Year 2. Assumes $4,000 in Year 2 for the recruitment of an additional 43 students in Year 3. Assumes a static amount of $4,000 in Year 3 for student mobility to increase enrollment in subsequent years. These costs will cover expenses for printing, material and recruitment events. In recruiting for our second and third years, we will rely significantly on the help of current parents to recruit additional families to our school.

Contracted Services: (O&M):

Maintenance. Assumes custodial services for 40 weeks, including 36 weeks with the students and one week prior to school starting and a week after school is out. Assumes once a week cleaning during off school months will be 10 days or two weeks. Assumes Y1 is based on per week is $100/per week (40 weeks) totaling $4,000; $100 per week (40 weeks) totaling $4,000 for Year 2 and $125/week (40 weeks) totaling $5,000 in year 3. The increase in rate corresponds to the increase in the number of students each year, and is based on a quote received from Marsden,

who has contracted with other charter schools, including Arizona Charter Academy.

Building Rent/Lease/Loan:

With a square footage suggested range of 45 to 57 square feet/student, based on a recommendation from Keyser, a real estate broker who has brokered numerous charter school facility deals, assumes the high end of the range of 57 square feet/student for Y1 costs and 57 square feet/student for Y2 and Y3 to ensure fidelity within the budget.

Assumes rent at a rate of $12/square foot, comparable to market rates as quoted by realtor and reflective of the higher viable sample property. The $12/square foot allows for a small cushion to allow for any additional costs. The total amount for rent each year is based on 3,990 square feet in Y1, 5,643 square feet in Y2, and 8,094 square feet in Y3.

It is anticipated that listed rent costs in year one will be nullified by the use of existing facilities at no charge as described in section C.1, Facilities Acquisition and C.4 Start-Up Budget. They have been included here in the Three-Year Operational Budget to conservatively represent all possible contingencies and ensure consistency with all sections of the application packet.

Property/Casualty Insurance:

Assumes conservative estimate from Mahoney Group for property insurance.

Year 1- $2,500, Year 2- $3,500, Year 3 - $4,000 based increased enrollment and staff numbers.

Liability Insurance:

Assumes conservative estimate from Mahoney Group for insurance including: General Liability, Property, Educators Liability, Directors and Officers, Employment Practices Liability, Employee Benefit Liability, Abuse & Molestation, Umbrella, Business Interruption, Crime, Student Accident, and Workers Compensation (etc.)

Assumes cost of $3,000 for Y1, $4,000 for Y2, and 5,500 for Y3 based on increased enrollment and staff numbers.

Utilities including Phone/Communications:

Assumes utilities at a rate of $1.83/square feet for Y1, $1.88 for Y2, and $1.94 for Y3

as determined by similar cost estimations from recent charter school start-ups. For Y1 estimated square footage of 3,990, the Academy assumes a cost of $7,301. For Y2 square footage of 5,643, the Academy assumes a cost of $10,608. For Y3 square footage of 8,094, the School assumes a cost of $15,702.

It is anticipated that listed utility costs in year one will be nullified by the use of existing utilities at no charge as described in section C.1, Facilities Acquisition and C.4 Start-Up Budget. They have been included here in the Three-Year Operational Budget to conservatively represent all possible contingencies and ensure consistency with all sections of the application packet.

Transportation:

Assumes no cost as transportation to and from school will not be provided at the French American Academy of Arizona.

Food Service:

The Academy's students who may qualify for reimbursed student breakfast and lunch from the National School Lunch Program (NSLP) and School Breakfast Program (SBP) will therefore not incur any expenses from the school budget. Assumes student who do not qualify for the NSLP will pay their individual breakfast and lunch costs. Assumes contracting L&M, a service used and recommended by several start-up charters. L&M rate is inclusive and matches the amount allocated through the NSLP and SBP.

Student Furniture & Equipment:

Y1 assumes a $5,000 initial equipment investment. Y2 and Y3 assumes cost of 2,500 to proportionately address student enrollment increase.

Office Furniture & Equipment:

Assumes an annual cost of $1,500 in Y1, $2,500 in Y2, and $3,500 in Y3 to accommodate increasing enrollment and staff numbers. Assumes purchases at discount suppliers and used stores such as Treasures for Teachers, and ASU Surplus as well as donated furniture as recent charter start-up schools have secured.

Other Leases (Security, Copiers, etc.):

Assumes one large black and white copier, which also scan and fax, at $225/month for 40,000 copies per month x 12 months in Y1 for $2,700. Assumes $350/month for 12 months at a total $4,200 for Y2 and Y3. Quoted by Ricoh Copiers.

Loan Repayment: Assumes a zero-interest loan repayment in Y2 of $11,335.

Other: Assumes no additional expenses for maintenance and operations for the School in the first three operational years.

***B.* Explanation of Student Count and Equalization**

C.5.a Table 3: Student Enrollment Projections

	Year 1	Year 2	Year 3
K – 1/2	32	32	48
1-3 Grade	28	57	79
4th Grade	5	5	10
5th Grade	5	5	5
90% of Total	63	89	128

***C.* Rationale Student Count Add-on Levels**

State equalization funding is based at 90% of the following grade-level target enrollments for its first three years of operation in the Projected Revenue Calculator for assumed equalization funding. No add-ons were included. (*See C.5.a Table 3: Student Enrollment Projections*)

***D.* Rationale for the Percent of Full Enrollment.**

The School anticipates a full enrollment of 70 students in Y1, 99 in Y2, and 142 in Y3; the budget projection includes a conservative 90% enrollment projection of the total enrollment capacity for the student body to compensate for students enrolled late, attrition, or lower demand than expected, all causing a lower ADM.

***E.* Demonstration of Assumptions**

All assumptions in the three-year operational budget are viable and adequate.

***F.* Operational Revenue For Start-up Expenses**

At the time of this application, the FrenchAm Academy anticipates receiving a small loan from the existing French American School of Arizona. Loan monies will be paid out on June 1, 2017. The loan may be repaid in installments following dispersal of state monies for Charter school operation. The loan shall be repaid in full before June 1, 2022. No interest shall be applied to the term of the loan. Documentation of the loan terms and conditions are attached as the appendix "Statement of Loan Funding" to this section of the application package.

***G.* Ensure revenues cover expenditures.**

Explanation of Revenues:

State Funding (Equalization Assistance)- Total revenue amount was calculated using the provided Revenue Calculator. It assumes the per ADM funding amount and student weights provided in the revenue calculator as well as the student count figures explained above, including 90% enrollment for each of the first three years. Although the School anticipates that a percentage of students will qualify for special education and/or ELL services, the total revenue calculated conservatively assumes no Student Count Add-Ons for special education or English Language Learners, and therefore were not used.

Secured Funds- Private Donations. The School holds for 501(c)(3) status with the IRS, allowing for tax-exempt donations from private donors. While the School fully intends to continue pursuing financial support from private donations, the budget assumes entire revenue stream for start-up from a small loan and covering of costs from the existing French American School.

H. Section Consistency with Other Areas

Information placed in this section C.5 is consistent with all other areas of the Charter Application.