



Academy for Integrated Arts

SY21-22 Budget

PREPARED June 2021 BY



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Recap Of FY20 and FY21

- In March 2021, disrupted by the pandemic restrictions and following the CDC guidelines, the school closed its building, possibly impacting the students' learning proficiency.
- MO Governor announced a cut on the state funding. This announcement and the lack of clarity on state revenue projections posed a risk to the FY 2020 and FY 2021 budgets.
- In April 2020, AFIA received \$335,944 through Paycheck Protection Program. This helped the school offset the risk of the state funding cut.
- We started FY 2021 with 100% of kids receiving instructions remotely using Zoom.
- In May 2021, AFIA received \$139K through CARES ESSER-I and \$174K through KCPS MOU.
- We are on track to closing the FY 2021 with an ending cash balance of \$999K, \$377 above the budget.

Executive Summary of FY22 Budget

- It's been more than a year since the kids had a normal, regular instruction. The disruptions in academic instructions due to Covid-19 restrictions have likely created a learning gap in the students.
- Over the past two years, AFIA has built up sufficient cash balance. We grew from having \$510K in FY2019 to \$999K in FY2021.
- AFIA has access to \$565K through CARES ESSER II in FY2021-2022, and \$1.15M through CARES ESSER III in FY2022-2023.
- The availability of sufficient cash balance, and access to CARES ESSER II and CARES ESSER III fund put the school in a comfortable position to explore a new initiative to address students' learning loss created by the pandemic.
- AFIA is introducing a co-teaching model to mitigate the learning loss.
- The **salaries and benefits expenses are increasing by 30%** than the last year. However, the **FY 2022 revenue expectation is growing by only 11%**.
- At the **budgeted revenue of \$4.1M** and **operating expenses of \$4.4M**, we will end FY 2022 with a **net loss of \$-367K**.
- The anticipated net loss will bring down the **cash reserve from \$999K in FY 2021 to \$632K in FY 2022**.

Budget Summary

Revenue	4,064,814
Expenses	4,432,054
Net Income	(367,240)

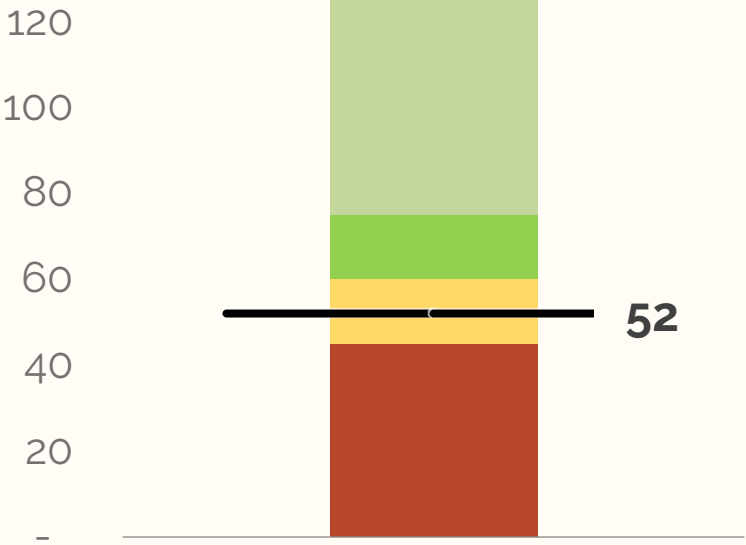
We will use the cash balance of \$999K built up in the last two fiscal years to support the school's goals for the next three years. One initiative to achieve this goal is through the co-teaching model.

Because of the co-teaching model, the no. of teaching staff in FY22 increases by 23% from FY21. However, we do not have a similar increase in enrollment and thus the revenue.

Starting Cash	998,861
Net Income	(367,240)
Fixed Assets	-
Debt	-
Other Adj	-
Net Annual Cash Increase	(367,240)
Ending Cash	631,621

Key Performance Indicators

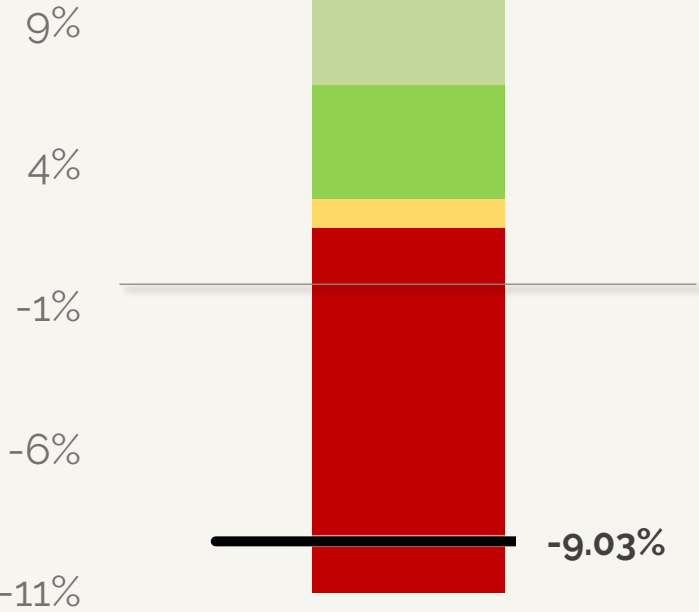
Days of Cash



52 DAYS OF CASH AT YEAR'S END

The school's 52 days of cash is below the recommended 60 days of cash.

Gross Margin

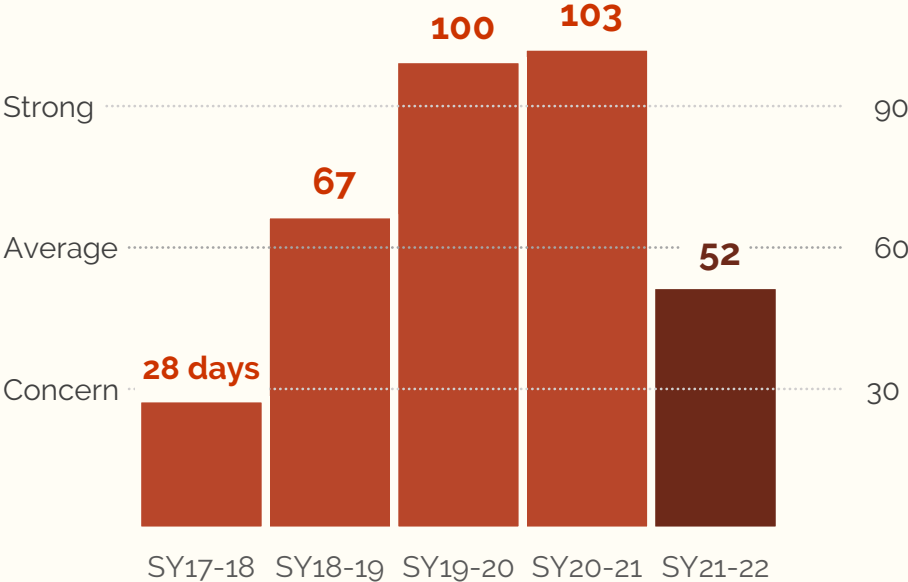


-9.03% GROSS MARGIN

The forecasted net income is -\$0.4m on \$4.1M in revenue. This yields a -9.03% gross margin.

Key Performance Indicators | In Context

Historical Context: Days of Cash

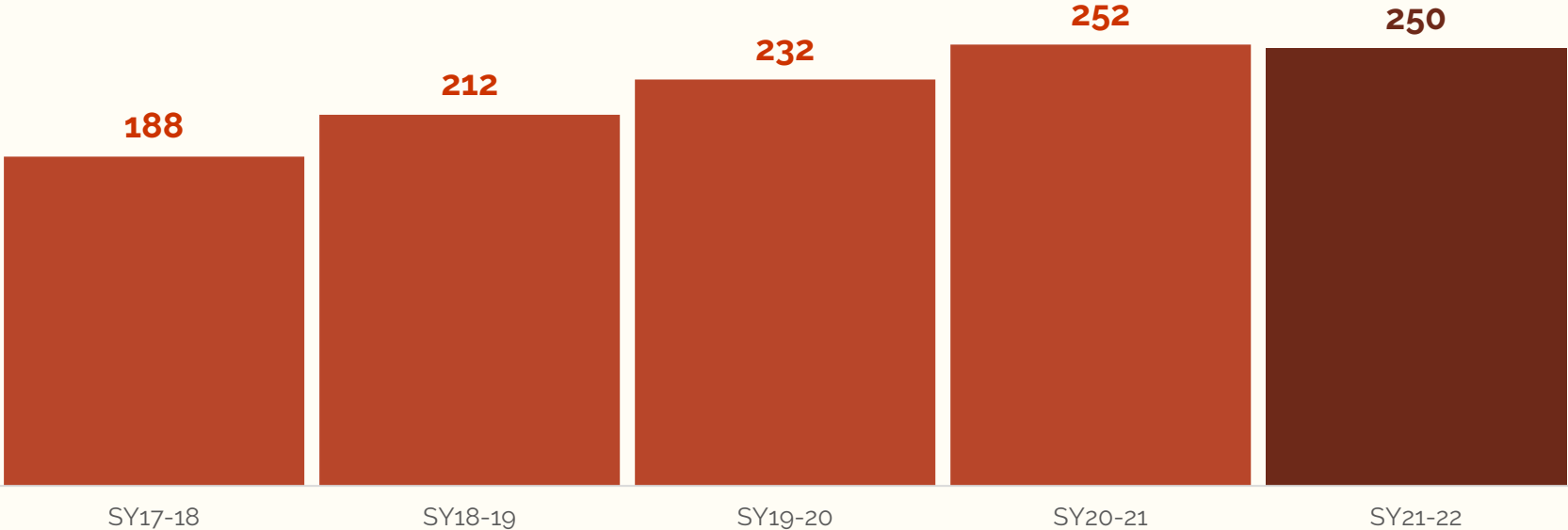


52 DAYS OF CASH AT YEAR'S END

The budget predicts that we will end the year with 52 days of cash, 51 days worse than the cash forecast for 6/30/21. We will use the ~\$1M cash reserve built up in SY19-20 and SY20-21 to address the short and long-term goals of the school.

Enrollment Assumptions

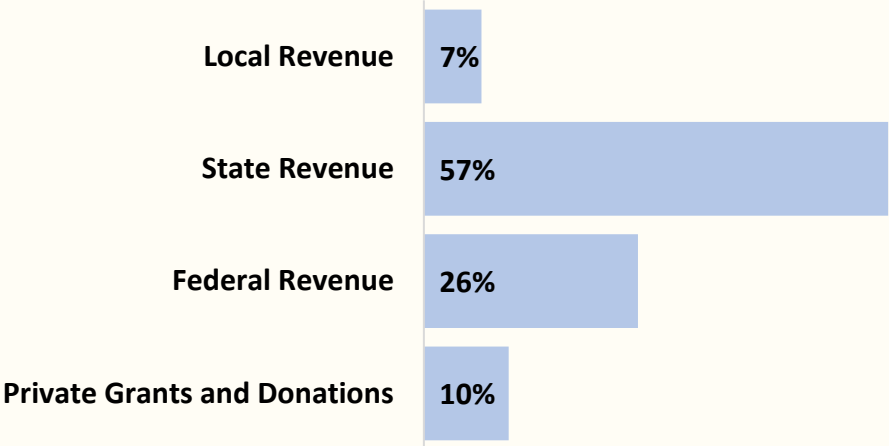
End of Year Enrollment



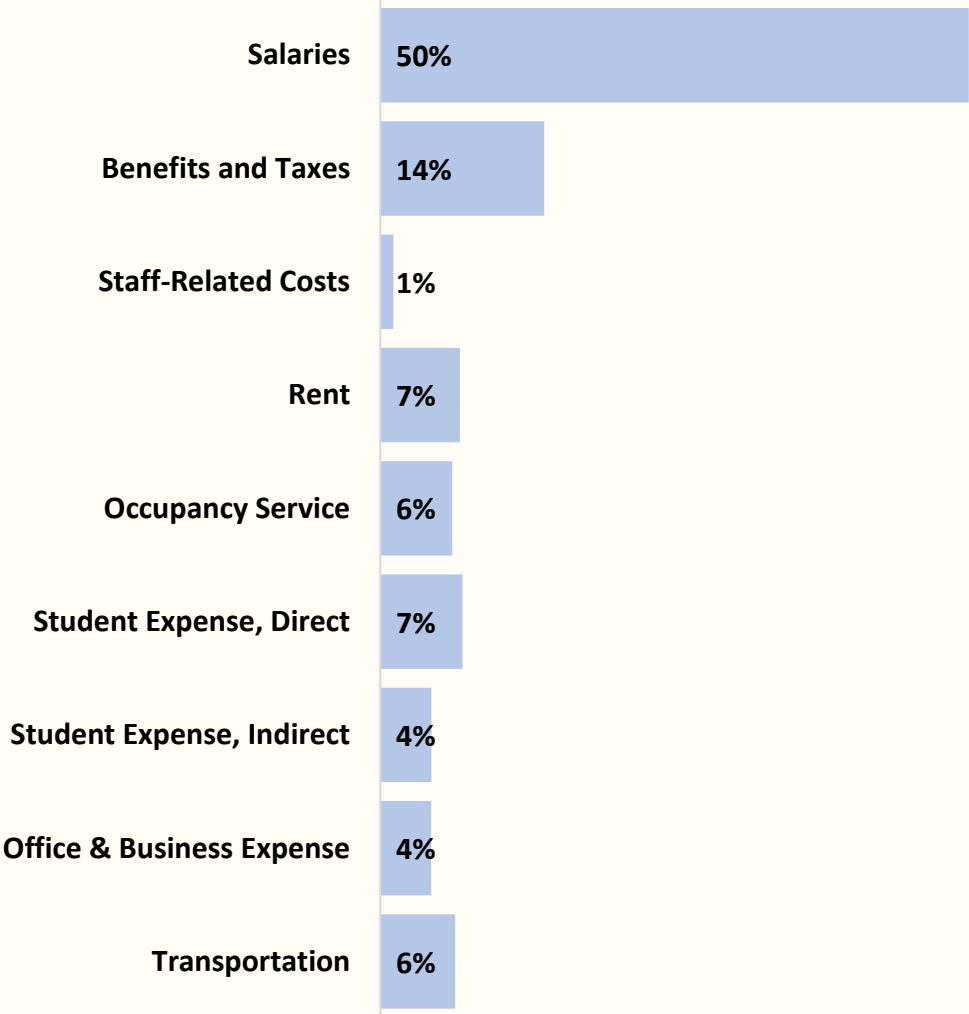
Although we are slowly coming out of the Covid-19 crisis, we are still in the middle of a pandemic. Therefore, some uncertainties remain and hence our enrollment expectations for the FY2022, and the next two years are very conservative.

Revenue And Expenses

Categories of Revenue



Categories of Expense



Revenue | Key Assumptions

- **Enrollment** - Beginning of the year enrollment target is 272.
 - With under-enrollment and attrition allocations, end of year student target is 250.
- **Attendance** - At an average attendance rate of 93%, the **state revenue** is based off the assumptions of WADA of 278 and payment per WADA of \$8,266.
- **Prop C** local revenue is calculated at \$1040 per prior-year(FY 2021) WADA of 270.
- **CARES ESSER II** grant of \$565K will be fully available for reimbursement request in FY 2022.
- **Donations** target for the year is \$420,000, 33% more than the amount received in FY 2021.
- We are not assuming any revenue from KCPS MOU in this fiscal year.

Expenses | Key Assumptions

- To address the learning gap due to Covid-19 school closure and accelerate student learning, a **co-teaching model** is introduced.
 - We expect to hire **six co-teachers** to support this co-teaching model and increase the number of support staff.
 - Personnel expenses, including salaries and benefits are increased by 30% from FY 2021.
- The school is providing opportunities for instructional staff to travel and participate in professional development conferences.
- To continue to mitigate student achievement gap due to Covid-19 school closure, sufficient allocation for Student Direct Expense is being maintained.
 - In FY 2021, the school, purchased a significant number of Chromebooks. While we do not see the need to make similar significant expenses in FY 2022, we still have funds to buy a few more Chromebooks.
- The school will continue to **administer covid-testing** for the students.
- The school is providing the transportation for students in partnership with two other charter schools.
- No significant facility upgrades in FY 2022.

Appendix | Profit and Loss Changes

Income Statement	SY20-21	SY21-22	Difference	Notes
Revenue				
Local Revenue	282,346	284,835	2,489	
State Revenue	2,234,473	2,299,644	65,171	Targeted FY 2022 WADA of 282 is 8 points higher than the FY 2021 WADA of 270
Federal Revenue	649,907	1,060,335	410,428	Availability of CARES ESSER II fund
Private Grants and Donations	316,313	420,000	103,687	
Earned Fees	175,558	-	(175,558)	We are assuming that there will be no revenue from KCPS MOU
Donated Revenue	-	-	-	
Total Revenue	3,658,598	4,064,814	406,216	
Operating Expense				
Salaries	1,711,250	2,215,648	(504,398)	Increased the #staff in accordance with co-teaching model
Benefits and Taxes	473,180	617,065	(143,885)	Increased the #staff in accordance with co-teaching model
Contracted Staff	-	-	-	
Staff-Related Costs	38,446	49,912	(11,466)	Allocation for staff travelling to attend PD conferences
Rent	300,000	300,000	-	
Occupancy Service	217,401	271,273	(53,873)	To comply with covid protocol, the use of janitorial services is expected to increase Most of the technology purchases are assumed to be completed in FY 2021; Depending on the inventory review, Chromebooks and staff computers may not have to be replaced until FY 2024
Student Expense, Direct	342,155	310,457	31,698	
Student Expense, Indirect	178,282	193,400	(15,118)	General increase in Food Delivery costs. This will be offset by corresponding food service Federal-revenue
Office & Business Expense	185,632	192,258	(6,626)	
Transportation	105,794	282,041	(176,247)	Estimated for 9 buses with the assumption that AFIA will be sharing buses with other school and will 4 bus-monitors
Donated Expense	-	-	-	
Contingency	-	-	-	
Depreciation and Amortization	-	-	-	
Interest	-	-	-	
Facility Improvements	-	-	-	
Total Expenses	3,552,139	4,432,054	(879,915)	
Net Income	106,458	(367,240)	(473,698)	

Appendix | Monthly Cash

